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ABSTRACT

The majority report and minority views of the Senate Committee on Labor and Human Resources concerning S. 123, Smart Start: The Community Collaborative for Early Childhood Development Act of 1989 are provided. The act would establish a new source of funding for upgrading, expanding, and creating high quality early childhood development (ECD) programs for children the year before they enter kindergarten. Smart Start is designed to build on what states are already doing in early childhood education (ECE) and to give states an incentive to keep programs running as the federal share of funds declines. Sections concern: (1) the act's purpose and a summary of the act; (2) legislative history; (3) background and need for legislation; (4) committee views; (5) the vote in committee; (6) cost estimate; (7) regulatory impact statement; (8) section-by-section analysis; (9) changes in existing law; and (10) minority views. The extensive background and rationale in Section III cover research on the effect of ECE programs, recommendations of education reform reports and policy statements of major education organizations regarding ECE, current federal ECE programs, recent state initiatives in ECE, and the legislative response. Minimum standards for participation in the federal program are specified. (RH)

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# SMART START: THE COMMUNITY COLLABORATIVE FOR EARLY CHILDHOOD DEVELOPMENT ACT OF 1989

JUNE 21 (legislative day, JANUARY 3), 1989.—Ordered to be printed

Mr. KENNEDY, from the Committee on Labor and Human Resources, submitted the following

## REPORT

together with

## MINORITY VIEWS

[To accompany S. 123]

The Committee on Labor and Human Resources, to which was referred the bill (S. 123), to provide financial assistance to States and localities for high quality early childhood development programs for prekindergarten children, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill, as amended, do pass.

### I. PURPOSE AND SUMMARY

S. 123, Smart Start: The Community Collaborative for Early Childhood Development Act of 1989, would establish a new source of funding to upgrade, expand, and create high quality early childhood development program, for children in the year before they enter kindergarten, usually at age four. Smart Start builds upon the Perry Preschool study and others which indicate that children who participate in such programs realize lasting benefits through their school-age and young adult years. Such children are less likely to need remedial education or be referred to special education. They are more likely to graduate from high school and obtain jobs or continue on to higher education, and are less likely to become dependent on welfare, or become involved with teenage

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pregnancy, or criminal activity. In economic terms, these benefits translate into seven dollars saved for every dollar invested.

Smart Start identifies the characteristics of early childhood development programs that are responsible for these results. These include a low child-adult ratio (10:1), a small group size (maximum 20), a developmentally appropriate curriculum, parental involvement, parent education, social, health, and nutritional services, and trained staff. Smart Start funds are available to existing early childhood programs, such as Head Start, and school-based programs, to add any of these characteristics which may be missing, and then to expand to serve more children. Funds are also available to localities that have no programs serving this age-group to establish such programs.

Smart Start also provides funds to extend services to the full working day and full calendar year. With increasing numbers of parents of pre-school age children participating in the work force, a major new federal investment in this area must also take into account the child-care needs of working parents. Parents would not be required to have their children participate for the full day, but would be given the option of full or part-time attendance.

Smart Start authorizes $500 million in 1990, $750 million in 1991, and $1 billion in 1992 and 1993. Smart Start leverages state and local funds by requiring a nonfederal match. The match would be 30 percent in the first year a state participates, 40 percent in the second year, and 50 percent in the third year and thereafter. Provision is also made for localities to participate even if the state in which they are located chooses not to.

At least two-thirds of the funds and half of any new slots created must be used for children from families who earn less than 115 percent of the poverty line. A program may choose to serve only poor children. These thresholds will act only as minimums. Children whose families earn more than this threshold may participate in Smart Start-funded programs on a sliding fee scale basis. Children whose parents can afford to pay full tuition for the program will do so. In this way, all children receive the social and educational benefits of being in a socio-economically mixed environment, but government funds are targeted on families in need.

The Education Department, working with the Department of Health and Human Services, will make grants to states on the basis of an interstate formula. States will distribute 75 percent of the funds to localities on the basis of an intrastate formula. Fifteen percent will be distributed to the Governor to local rural and migrant programs and to discretionary programs, and 10 percent will be used for training and administration. In states that receive a small state minimum under the interstate formula, 90 percent of the funds may be distributed intrastate by discretionary grant. Remaining funds will be used for training and administration.

Both states and localities will establish interagency groups to help administer early childhood programs. These groups will represent those entities most involved with early childhood development programs, including the schools, Head Start, social service providers, and parents. Any states or localities that already have such interagency groups could use such groups for Smart Start and would not have to establish a new group. The groups would con-



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duct needs and resources assessments, evaluate applications for grants, and perform other policy-making functions.

## II. Legislative History

Smart Start was first introduced as S. 2270 in the 100th Congress, on April 12, 1988 and was referred to the Committee on Labor and Human Resources. The bill was introduced by Senator Kennedy for himself and Senators Simon, Moynihan, Matsunaga, Inouye, Bingaman, Adams, Kerry, Durenberger, Burdick, Wirth, Sanford, Shelby, Bradley, and Lautenberg. The Committee held three hearings on the bill on February 23, May 11, and June 10, 1988. The bill was reintroduced As S. 123 in the 101st Congress on January 25, 1989, and was referred to the Committee on Labor and Human Resources. The bill was introduced by Senator Kennedy for himself and Senators Simon, Dodd, Moynihan, Matsunaga, Inouye, Bradley, Bingaman, Kerry, Adams, Burdick, Wirth, Shelby, Lieberman, and Riegle. The Committee held a fourth hearing on the bill on February 22, 1989. The Committee met and ordered the bill reported with an amendment in the nature of a substitute on June 7, 1989.

## III. Background and Need for Legislation

### Introduction

The case for a strong federal role in early childhood education is very compelling. Recent research findings on the longer-term effects of comprehensive early childhood education and development programs for the disadvantaged have shown that they are cost-effective investments for society, providing benefits in excess of their costs in the form of higher educational achievement, lower drop-out rates, reduced delinquency, etc. The importance of early childhood education as a social investment, especially for the disadvantaged, has been enhanced by demographic trends and projections indicating a rising proportion of school-age children from poverty or racial minority backgrounds that have traditionally been poorly served by our educational system. For example, the percentage of children under 18 years of age in poor families rose from 15.7 percent in 1978 to 20.0 percent in 1987; between 1970 and 1987, the percentage of children under 18 years old who are Black grew from 13.6 percednt to 15.2 percent, and the percentage who are Hispanic grew from 5.8 percent to 10.6 percent.

These data also have implications for our future workforce. According to the Hudson Institute's 1987 report, "Workforce 2000: Work and Workers for the Twenty-First Century, by the year 2000 the United States will be experiencing the lowest labor force growth rate since the 1930s. As the average age of the population climbs, the number of younger workers will drop. Minorities, women, and immigrants will account for 84 percent of those joining the workforce in the next decade.

Not only do statistics signal a shortage of workers, they also indicate the potential for a shortage of workers with basic skills. Of the new jobs that will be created in the next decade, over 50 percent will require some education beyond high school, and almost a third

will require a college degree. Today, 40 percent of jobs require a high school diploma and 22 percent of new jobs require a college education. Widely available early childhood development today, with its implications for the continued education of its participants in the future, will make the workforce of the 21st century more likely to possess the basic skills our economy will demand.

Furthermore, steady increases in the proportion of mothers of young children who have jobs outside the home, and in the number of young children in single-parent households, have created a need for expanded child development and day care services. For example, according to the U.S. Bureau of Labor Statistics, the labor force participation rate of married mothers of children aged under 6 years, with husband present, rose from 30 percent in 1970 to 57 percent in 1987. Between 1970 and 1987, the percentage of children under 18 years of age who were living with both parents fell from 85.2 to 73.1 percent.

Finally, the wave of criticism of the educational achievement of American pupils during the 1980s has elicited a search for means to improve educational programs, including renewed interest in the education of pre-kindergarten children. Enrollment in non-public pre-kindergarten educational programs has steadily risen, as has the provision of pre-kindergarten education by the States to at least a limited number of pupils, frequently the disadvantaged or handicapped.

Large numbers of children are already enrolled in pre-kindergarten education programs, most of which are currently provided by private organizations. In 1986, 2.6 million children were enrolled in pre-kindergarten programs, including 39 percent of all children aged 3–4 years. By contrast, 31 percent of 3-4-year olds were enrolled in educational programs in 1975, and 11 percent in 1965. In spite of the recent expansion of public provision of early childhoods education, and the existence of Head Start and other Federal programs, the majority of children in pre-kindergarten education progams attend private institutions, with most of the costs financed by their parents. For example, in 1986, 67 percent of 3- and 4-year olds enrolled in educational programs attended private institutions. In contrast, only 12 percent of elementary and secondary school pupils are enrolled in private institutions. As a result of the heavy reliance on private schools, and their attendant fees, there are inequalities in the proportions of children who receive early childhood developmental services. White children are more likely to be enrolled in these programs than Black or Hispanic children; children from affluent families participate more often than those from poor families.

Thus, an increased need by pre-kindergarten age children for developmental services and care, inequality in the availability of these services, new research indicating positive effects of pre-kindergarten programs for disadvantaged children, rising concern about the educational achievement of all children, especially the disadvantaged, higher proportions of children from disadvantaged backgrounds, and projections regarding demands on the future workforce, have combined to expand the need for early childhood education and development programs. And, as is explained further

below, existing Federal, State, local, and private programs are insufficient to met this need.

While several programs provide services to children of preschool age, Smart Start goes far beyond what can currently be provided through these programs. Through providing comprehensive services to this age-group, Smart Start improves upon current programs in three crucial respects. First, Smart Start provides comprehensive services, combining developmental services with full-day, full-year child care services. Second, it recognizes, and tries to build upon, the recent growth of state interest in providing early childhood education. Finally, only Smart Start places first priority on children from poor families, while encouraging the provision of services to all young children.

RESEARCH ON THE EFFECT OF EARLY CHILDHOOD EDUCATION PROGRAMS

A major basis for the Committee's interest in early childhood education has been the reporting of research findings on the relatively long-term effects of pre-kindergarten education on achievement in education and other areas of life, such as employment. Much attention has been paid to this research, especially that based on the Perry Preschool Program in Ypsilanti, Mich.

A distinctive feature of the Perry Preschool Program and its associated evaluation activity is the relatively long period of time during which its former participants have been studied, the attempt to measure the impact of preschool on several aspects of later life, and to analyze comprehensively the costs and benefits of preschool. In 1985, a study of the effects of this program on 123 pupils who had participated in the program between 1962 and 1967 ("Changed Lives, The Effects of the Perry Preschool Program on Youths Through Age 19") found that, in comparison with a control group of demographically similar non-participants, by age 19 the Perry pupils—

Had higher levels of academic achievement in elementary and middle school;

Received high grades, through their high school years;

Received higher earnings, and were more satisfied with their jobs, when employed;

Among females, became pregnant less frequently, while non-participants had an average of more than one pregnancy per person (68 pregnancies per 100 females among Perry participants versus 117 per 100 among the control group);

Were more likely to graduate from high school (67 percent versus 49 percent for the control group);

Were less likely to be detained or arrested for delinquent or criminal activity (31 percent versus 51 percent);

Were more likely to be enrolled in college or postsecondary vocational training (38 percent versus 21 percent);

Were less likely to have ever been assigned to a special education program (16 percent versus 28 percent);

Were more likely to be employed (50 percent versus 32 percent); and

Were less likely to be receiving welfare assistance (18 percent versus 32 percent).

It was also found that although the Perry Preschool Program had relatively high costs per pupil, it was cost-effective in the longer-run, by reducing social costs (e.g., for welfare or criminal justice services, or special education programs). The estimated benefit-cost ratio for the program was 7.01 (i.e., $7.01 in long-term benefit per $1.00 in costs) for those who spent one year in the program, and a ratio of 3.56 for those served by the program for two years (after adjustment for price level changes over the period considered, and discounting of projected future benefits at an annual rate of 3 percent). The authors of a recent survey of this and other analyses of the economic costs and benefits of early childhood education (W. Steven Barnett, et al., "The Economics of Early Educational Intervention: A Review," Reviews of Educational Research, winter 1987) found "persuasive" evidence that "early intervention for disadvantaged children is economically efficient" (p. 408), although the underlying research and data were somewhat limited for programs other than Perry Preschool. Under a Consortium for Longitudinal Studies, the longer-term effects of Perry Preschool as well as several other preschool programs for disadvantaged children—the Early Training Project in Tennessee, the Harlem Training Project in New York City, the Philadelphia Project, among others—have been analyzed. Syntheses of evaluations of these programs (e.g., Irving Lazar, et al., "Lasting Effects of Early Education") found that the children served by a majority of the programs experienced—

Improved intellectual performance in early childhood;

Increased academic achievement, especially in mathematics, in the early elementary grades;

Reduced placement in special education programs;

Reduced rates of retention in grade;

Higher occupational aspirations and expectations; and

Higher rates of high school graduation.

The effects of other preschool programs have been studied, although none as extensively, or with as much public attention, as the Perry program or others associated with the Consortium for Longitudinal Studies. A 15-year follow-up survey of 82 participants in a Syracuse University early intervention program for disadvantaged children (J. Ronald Lally and Peter Mangione, "The Impact of Intensive Intervention (Birth to Five) on Children From Low-Income, Multi-Risk Families: The Syracuse University Children's Center Findings 15 Years Later," Far West Laboratory for Educational Research and Development, 1986) concluded that in comparison with a similar control group, the participants—

Committed fewer and less severe delinquent acts;

Had more positive social attitudes and better relationships with their parents; and

Among females, had significantly higher educational achievement, lower rates of retention in grade, and lower rates of school absence.

More recently, an initial evaluation was conducted of South Carolina's new public prekindergarten program for disadvantaged children (W. Steven Barnett, et al, "The Efficacy of Public Preschool Programs and the Relationship of Program Quality to Efficacy," Educational Evaluation and Policy Analysis, spring 1988).

This program for 4-year olds at risk of later academic difficulties uses the High/Scope Preschool Curriculum, that was developed as an outgrowth of the Perry Preschool program. This large-scale study of a Statewide program focused on effects on first grade readiness and achievement. This study found that on average, preschool participation had a significantly positive effect on school readiness and significantly reduced placement in compensatory education programs. Further, the highest quality school programs—defined as those which had most thoroughly implemented the High/Scope Preschool curriculum model—had the greatest effect on pupil readiness and achievement. The authors concluded that,

> [T]he results of this study are particularly interesting in the context of the other literature on the effectiveness of preschool for disadvantaged children. The findings of true experimental studies that preschool can have substantial effects and can be sound public investments * * * have been challenged on the grounds that they cannot be reproduced on a large scale. This study suggests that large-scale public programs can be effective. How long-lasting the effects will be remains to be seen, but our expectations remain high based on the experimental studies (p. 47).

Finally, an evaluation of the Brookline (Massachusetts) Early Education Project, that served both disadvantaged and nondisadvantaged pupils from birth through age 5 years, found that participants out-performed control group pupils in a wide range of educational skills, both academic and behavioral, at the second grade level. (Martha B. Bronson et al., "The Effects of Early Education on Children's Competence in Elementary School," Evaluation Review, October 1984).

RECOMMENDATIONS OF EDUCATION REFORM REPORTS AND POLICY STATEMENTS OF MAJOR EDUCATION ORGANIZATIONS REGARDING EARLY CHILDHOOD EDUCATION

Beginning with the publication of "A Nation at Risk" by the National Commission on Excellence in Education in 1983, a series of national and State education reform reports have received much public attention. Many of these reports have proposed that early childhood education services be significantly expanded, especially for children who are disadvantaged.

In the "Paideia Proposal", a group of educators led by Mortimer Adler recommended that 1-3 years of pre-kindergarten education be provided to all children from disadvantaged families. The purpose of such early education would be to help disadvantaged children to achieve with a proposed elementary and secondary education curriculum that would be both rigorous and largely uniform for all pupils.

Another report supporting expansion of early childhood education programs is "Children in Need," prepared in 1987 by the Committee on Economic Development (CED), an organization of business leaders. The authors of this report argue that universal prekindergarten education for disadvantaged children would be a "superior educational investment for society," that would pay for itself through reduced costs for compensatory education and other social

services in later years. They recommend the establishment of services to pregnant teenagers, single mothers of young children, and day care as well as education services to disadvantaged pre-kindergarten age children. An emphasis is placed on services that are comprehensive and that involve parents in their children's development—

> [I]n order to be most effective, early intervention programs need to establish a strong link between parent education and child development, stressing the overriding importance of the home curriculum and helping parents develop higher aspirations for themselves and their children (p. 37).

Among the CEDs more specific recommendations is the implementation of an educational program for all at-risk 4-year olds.

An earlier report from the CED ("Investing in Our Children, 1985") found that—

> [D]espite early findings to the contrary, well-designed studies now make it clear that high-quality preschool programs lasting one year and targeted to four-year-olds from poor families can have enormous economic payoffs. * * * We are convinced that the earliest stages of educational development, elementary school and preschool for disadvantaged children, are where we will receive the best return on our educational investment (p. 43).

"Barriers to Excellence: Our Children at Risk," a 1985 report by the National Coalition of Advocates for Children, an association of organizations concerned primarily with disadvantaged children, recommended the expansion of comprehensive early childhood education and day care programs. This was proposed primarily as a means of reducing a potentially negative impact on disadvantaged children of raising academic standards and requirements in elementary and secondary schools.

In addition, a number of organizations of State and local education officials and governors have recently prepared reports and adopted policy statements specifically on early childhood education and development programs. The National Governors Association (NGA), in a series of recent reports including "Time for Results" and "The First Sixty Months," has supported establishment or expansion of public pre-kindergarten programs, especially for disadvantaged children. While noting that many States have followed these recommendations in at least a limited fashion, the NGA has stated,

> [B]uilding a solid foundation for economically and other disadvantaged children, before they begin school and throughout their school years, can have long-term payoffs through reduced crime and incarceration rates, decreased welfare and teen pregnancy rates, and increased employment ("Time for Results," p. 20).

"Prekindergarten Programs in Urban Schools," a 1987 report by the Council of the Great City Schools and the High Scope Foundation, showed that the nation's major city school systems spent $136

million on pre-kindergarten programs in 1985-86, but that the amount was sufficient to serve only 23 percent of the need. The federal Head Start and Chapter One programs served about 29 percent of eligible students in these cities, while the remaining students participated in public school efforts funded from state and local sources. Approximately two-thirds of the 70,000 children served were four year olds; one-fifth were three year olds. Funding was sufficient to serve 70 percent of the students for no longer than three hours per day. Evaluations of the programs showed substantial academic benefits to students in later years. The Council of the Great City Schools, in another 1987 report, "Challenges to Urban Education: Results In the Making," proposed that Congress enact new legislation supporting these efforts. The work of the Council was a primary impetus for Smart Start, and the legislation was developed in close cooperation with the Council.

In November 1988, the Council of Chief State School Officers (CCSSO) adopted a policy statement on "Early Childhood and Family Education: Foundations for Success." In this statement, the CCSSO advocates "universally available high-quality early childhood services for all children with concentration of public resources on early childhood programs for children at risk". The CCSSO also emphasizes the need for assistance to families in caring for and educating their children, integration of early childhood developmental programs with those of elementary schools, assuring high standards of quality in early childhood education programs, and coordination of educational, social, and other services provided by different organizations and agencies to young children in each State and locality.

"Right from the Start," the report of its Task Force on Early Childhood Education that was adopted in 1988 by the National Association of State Boards of Education (NASBE), also recommends the expansion of early childhood developmental services. In particular, the NASBE supports the concept of "early childhood units" in public schools to serve children from ages 4-8 years. These "early childhood units" would provide comprehensive services to young children, with emphasis on parental involvement and support, developmentally appropriate and culturally relevant curriculum, specifically certified staff, local collaboration with other service agencies, and avoidance of inappropriate standardized testing. The NASBE report also emphasizes the importance of collaboration among schools, other early childhood programs, and community agencies in the provision of early childhood development programs.

### CURRENT FEDERAL EARLY CHILDHOOD DEVELOPMENT PROGRAMS

As noted earlier, there are a number of current federal programs with purposes similar to that of S. 123: the Head Start Progam, preschool programs under Chapter 1, and the preschool program under the Education for the Handicapped Act. However, Smart Start builds upon the services which are provided under these programs, by providing intensive, comprehensive child development, education and health care, and by increasing the number of children who are eligible for these critical services.

The Committee recognizes that the real flaw of the Head Start Program, the Chapter 1 Program, and the Education for the Handicapped Act preschool program is insufficient funding. Each program serves only a fraction of children who are eligible for these services. While the Committee recognizes that there is a critical need for a strong initiative in early childhood development, the Committee does not intend that funds for the Smart Start program should reduce funding for the other federal programs which can serve this age group. The Committee has therefore included important protections for current programs in two ways.

First, it ensures that there is considerable growth in current programs by setting funding thresholds for Head Start, Chapter 1 and EHA preschool before money can be appropriated for Smart Start. S. 123 specifically provides that no funds can be appropriated for Smart Start until appropriations for Head Start exceed $1,536,000,000, for Chapter 1 exceed $5,092,000,000, and for the Preschool Grant program of the Education of the Handicapped Act exceeds $306,000,000.

Second, once those thresholds have been met for both Head Start and Chapter 1, each dollar for Smart Start would be contingent on a dollar for Chapter 1 and a dollar for Head Start. In this manner, the funding linkage in S. 123 insures that as we invest in the very important area of early childhood development, we make an equal commitment in Chapter 1 and in Head Start to increase the number of children who are served by both programs.

The largest current federal preschool program is Head Start, under which a variety of social, medical, nutritional and educational services are provided primarily to 3–5-year-old children, at least 90 percent of whom must be from low-income families. At least 10 percent of the children enrolled in Head Start programs must be handicapped. State grants are awarded to local Head Start programs, which may be any of a variety of public or private, nonprofit organizations or agencies (but usually are not local educational agencies), on a competitive basis. In FY 1987, there were approximately 1,300 local Head Start projects, typically (82 percent) providing half-day programs to 456,508 children. According to the Department of Health and Human Services (HHS), which administers the Head Start program, this represents only 16–17 percent of children from low-income families who are eligible to be served. The FY 1989 appropriation for Head Start is $1,235,000,000.

The most significant reasons why the Head Start program is insufficient to meet the Nation's need for quality early childhood development are authorization and appropriations levels that are far too low to serve more than one-fifth or fewer of all eligible children; failure in general to provide services for the full working day and calendar year; a focus more on social and other services than on education and development; and, typically, little coordination with the public elementary and secondary education system. Head Start should be supported in its current form, but needs to be supplemented by Smart Start, as well.

In recent years, assistance under the Education of the Handicapped Act (EHA) has been extended to handicapped children from birth. The Preschool Grant program is intended to encourage the States to expand services to all handicapped children aged 3 to 5

years. An estimated 288,459 children were served in the 1987-88 school year, according to the 11th Annual Report to Congress by the Education Department. The program of Early Intervention Services for Handicapped Infants and Toddlers was added to the EHA (as Part H) in 1986. Part H grants are used to establish and maintain networks to provide comprehensive and multidisciplinary early intervention services to handicapped, or "developmentally delayed," children from birth through age 2, and their families. Participating States are required to develop and implement a statewide system for providing early intervention services to all handicapped infants and toddlers by the end of a 5-year phase-in period. The total FY 1989 appropriation for these two programs was $316,831,000.

Services included in an individualized education program under Part B of EHA may be provided by Smart Start. Smart Start is needed to supplement the Education of the Handicapped Act programs for preschool children because such programs do not necessarily provide full day or full year services or child care services.

The largest Federal program of assistance for elementary and secondary education is aid for the education of disadvantaged children, Chapter 1, title I of the Elementary and Secondary Education Act (ESEA). Although Chapter 1 services may be provided to children from pre-kindergarten through secondary schools, only about 2 percent of the participants in Chapter 1 local educational agency (LEA) grant programs are in pre-kindergarten programs. A larger group (about 7 percent) are in kindergarten. The 1988 amendments to Chapter 1 added an authorization for an Even Start program that provides aid for joint education of disadvantaged children aged 1-7 years and their parents who have not earned a high school diploma or equivalent. The FY 1989 appropriation for Even Start is $14,820,000.

Smart Start is needed to complement the Chapter 1 basic grant program because LEAs choose to use only a small share of Chapter 1 funds to serve prekindergarten age children. Also, Chapter 1's Even Start program is a new authorization that has been funded at a low level. Neither program provides full-year, full-day child care services along with educational and developmental activities. Finally, both programs serve only disadvantaged childen.

The last of the current programs with purposes related to that of S. 123 is the Comprehensive Child Development Center program. Under this program, grants may be made to a limited number (10-25) of grantees to plan for and operate centers providing a wide range of educatioinal, health, day care, and other services to children and their parents from poor families from birth to the age of compulsory school attendance (usually age 6 years). The FY 1989 appropriation for Comprehensive Child Development Centers is $19,760,000.

Finally, Smart Start is needed to supplement the Comprehensive Child Development Center (CCDC) program because the CCDC program is intended to support only a limited number of model, demonstration centers. The services provided under the CCDC program are comprehensive, and the centers it supports will establish models for Smart Start services, but the CCDC program alone

could never serve more than a small percentage of those needing child development services.

### RECENT STATE INITIATIVES IN EARLY CHILDHOOD EDUCATION

According to such recent reports as "State Profiles: Early Childhood and Parent Education and Related Services," by the Council of Chief State School Officers, "The Public School Early Childhood Study," prepared by Anne Mitchell and the Bank St. College of Education, the "Governors' 1991 Report on Education," by the National Governors' Association, approximately one-half of the States have public pre-kindergarten education programs for at least some children. However, no State provides universal public pre-kindergarten education, and most existing State programs are limited to model programs for a relatively small group of disadvantaged and/or handicapped children. Nevertheless, there has been substantial expansion in recent years of both the number of States with early childhood education programs and the range of those programs, although the programs are of substantial size only in a few States such as California, South Carolina, and Texas, where the State supports pre-kindergarten services to children from low-income families in a large number of LEAs.

Most of these programs are still relatively small and are focused on handicapped children and/or children who are considered to be disadvantaged or "at risk" of later school failure. In addition, these State programs are at widely varying stages of implementation. Thus, the State programs do not now, and are unlikely to soon, meet the increasing need for early childhood education and development. However, the rising State interest in providing these services can be tapped and stimulated through a program such as Smart Start. The bill requires cooperation with existing State and local programs and agencies. The non-Federal expenditure matching requirement, generally beginning at 30 percent and rising to 50 percent of program costs, will also encourage the States to increase their support for early childhood development programs.

### LEGISLATIVE RESPONSE

Under this Smart Start, the federal government will assist states and localities to upgrade and expand existing child care and early childhood development programs, and to establish new high quality child development programs where none exist, so that all pre-kindergarten students whose parents request such services can participate.

Smart Start is intended to allow for the widespread replication of successful early education programs. In such programs, the child receives services in a small group by a teacher trained in early childhood development. Centers would be open for the full working day, so that the parents' needs for child care can also be served. In order to assure that the program is targetted on those who can most benefit from a high quality preschool program, a minimum of two-thirds of funds and fifty percent of slots made available must be reserved for low-income children who receive fully subsidized services. Other children may participate on a sliding fee scale basis.

The bill recognizes that education has traditionally been a national concern, a state responsibility, and a local function. It therefore provides for flexibility so that states and localities can choose the method of service delivery that is best suited to their needs—through the schools, through Head Start, or through nonsectarian, nonprofit community-based organizations. States are expected, however, to commit significant matching funds in return for this flexibility. The program is strictly voluntary; no state, community, or child would be required to participate.

Because of the divesity of programs for preschool aged children already in existence, collaboration and coordination are emphasied at the federal, state and local levels and priority is given to the expansion and upgrading of existing programs, where they exist, over the creation of new ones. At the federal level, the Departments of Education and Health and Human Services will work together to develop policy and issue regulations, while the the Education Department will have administrative authority over the program. At the state and local levels, education agencies, social services agencies, Head Start providers, community-based organizations, child care providers, parents, and others interested in early childhood education will work together to determine how the community can best use program funds.

In order to use the expertise of both the Department of Education and the Department of Health and Human Services, all policy decision, including regulations, will be jointly made by the two departments. The Department of Education will be responsible for administrative aspects of the program.

The funding formula which drives funds from the federal level to the states weights equally the total state population of children under age 5 and the number of children in the state under age 5 who live in families below the poverty line. This formula reflects the program's commitment to channeling funds where services are needed, while also targetting funds on "at-risk" children. It also includes a tax effort and tax capacity measure so that poor states with little ability to raise additional funds, and those which tax themselves highly will receive a greater share of funding. There is an 80 percent hold harmless provision to protect against extreme fluctuations in the tax effort and tax capacity indices. The formula contains a small state minimum of one-quarter of one percent.

The federal government will match state and local funds dollar for dollar. Recognizing that there are substantial costs related to the start-up of this type of program, the federal share of funding to states will be higher in the first and second years that the grantee is involved in the program: 70 percent in the first year, 60 percent in the second year, and then 50 percent in all subsequent years. The nonfederal share may come from state funds, funds raised through private sector contributions, or any other nonfederal source. States that participate may not pass more than 25 percent of the nonfederal match on to localities or service deliveries. When localities in non-participating states receive funds directly from the federal government, the federal share will be 80 percent in the first year, 75 percent in the second year, and 70 percent in the third and subsequent years. Localities may match federal funds with in-kind contributions. The state or local share may be reduced or waived at

the discretion of the Secretary if it would impose an undue burden on a state in a poor economic condition or that has already committed substantial funds to early education.

States that apply for Smart Start funds must submit a plan for providing services within the state. The governor will appoint an advisory task force that must include representation from the state education department, social services department, Head Start association, resource and referral agencies, and parents. In addition, the task force may include representation by other appropriate state and local organizations, including those that represent health departments, business and labor, teachers, and child care providers. The task force will recommend an agency to administer the program and advise that agency about the program. States will allocate funds consistent with federal allocation criteria. Funds must be used to supplement, not supplant, current state and local efforts. States will review and approve local operating plans for early childhood centers to ensure that local centers meet certain criteria that are associated with high-quality early childhood development programs (see below).

Essentially, Smart Start is designed to build upon what states are already doing in the area of early childhood education to make the most efficient use of resources, and to give states an incentive to keep programs running as the federal share of funds declines. Many states have already established, or are considering establishing, preschool education programs. Several states now contribute to the funding of Head Start, and this program would encourage this trend. Smart Start funds, rather than establishing new programs to compete with existing services, would allow states to expand these existing programs and to fill in some services which may be lacking. For example, school-based pre-school programs could use Smart Start funds to add social service components. Head Start could use funds to extend their hours so that they run for the full work-day and full calendar year. A child care program may use funds to add a developmental curriculum, to provide training for child care staff, and to upgrade salaries. The goal is to ensure that programs are available to every interested family, and that families have a choice of program in which to enroll their child.

In most states, seventy-five percent of funds will be distributed to localities according to the following criteria: 67 percent based on the number of poor children aged 0 to 5; sixteen and one-half percent based on the number of all children aged 0 to 5; and sixteen and one-half percent based on the quality of the localities' needs and resources assessment, collaborative effort, and plan for coordination. The remaining 25 percent of funds will be used by the Governor for discretionary grant programs, rural and migrant programs, teacher training, and administration.

In states which receive the small state minimum under the interstate formula, 90 percent of the funds may be distributed to localities on a discretionary grant basis. Of the remaining ten percent, up to half may be used for administration, and at least half will be used for training programs.

*Requirements for service delivery*

Every effort will be made to preserve local flexibility while maintaining high quality standards. The following criteria for high quality early childhood programs have been identified by early education experts, and would be minimum standards required for participation in the federal program.

*1. A10:1 (or better) child:adult ratio, with no more than 20 children in a class*

Ten children to one adult, although lower than the ratio in several states' programs, is the maximum ratio cited by researchers to be consistent with high quality standards. The National Association for the Education of Young Children (NAEYC) and the National Day Care Study both advocate a maximum 10:1 ratio and a group size of no more than twenty.

*2. Professional staff trained in early childhood education and development*

Smart Start teachers would be required to have professional training and experience in early childhood education or development. The National Day Care Study found that the single characteristic of a teacher that can predict program effectiveness is the extent of early childhood training. Perry Preschool emphasized commitment to the program philosophy and inservice training over specific credentials. Programs would be encouraged to establish a salary scale that takes into account amount of early childhood training and experience; Smart Start funds could be used to upgrade salaries of employees in existing child care and early education programs to be consistent with this salary scale.

A key to high quality program operation is day-to-day onsite curriculum supervision by a curriculum specialist who is skilled in training adults to apply the curriculum selected by the program. This approach may be used as a way of maintaining quality by enabling teaching staff to understand fully the development of the children in their charge and to adapt the curriculum to their needs.

In order to forestall a shortage of qualified teachers and assistants, funds may be spent on early childhood education and development training for teachers, through both inservice and external educational programs. In addition, a program may choose to assign each group of 20 students to one teacher trained in early childhood education, and a second teacher who receives preservice training and continuing inservice training. This would maintain the required adult:child ratio, increase the efficient use of already-trained teachers, and establish an opportunity for a career-ladder within the early childhood education profession.

*3. Full work-day, full calendar-year services, with the option of part-time attendance*

In order to meet the needs of working parents and maximize the use of funds, early childhood education centers funded under this program must run for the full work-day and full calendar-year. Current part-day programs could be expanded to run full-day with

program funds, as discussed earlier. The full day need not be devoted to "education," but would be filled with activities appropriate to the needs of young children, including rest and play. Parents would be given the option of part-time attendance for their children.

*4. Coordination with public schools*

To provide for a smooth transition and developmental progression for children from the early childhood program to kindergarten, efforts must be made to coordinate the early childhood program with the public school system, especially if the program is administered by an institution other than the local education agency (LEA). The LEA may make available various resources to the program, and should designate an employee to facilitate coordination with the program.

*5. Nutrition, health, mental health, and other social services*

The early childhood program would be required to provide health screening and screening for handicapping conditions and ensure that appropriate follow-up services are provided. For low-income children, provision of health, mental health, and social services will be subsidized by the program. In addition, service providers will make referrals to health, mental health, and social services for which the enrolled child and her family are eligible and shall ensure that such services are provided to families that request them. Service providers will also provide parenting education and family support services. Programs would be required to provide nutritious meals and snacks. Programs might choose to employ a social worker or other specialist as a resource for health and nutrition information. Programs may also arrange for home visits.

*6. Parental involvement and outreach*

There is consensus that parental involvement is a vital part of high quality programs. Experts recommend, and the legislation provides, that parents have unlimited access to child development centers for observation purposes, access to evaluations of the program done by government authorities, regular opportunities to meet with teachers, and an active role in policymaking for all aspects of a program including curriculum. In addition, service providers must ensure active parental involvement, encourage parents to volunteer in the classroom, and engage in parental outreach.

*7. A developmentally appropriate curriculum*

There are many developmentally appropriate early childhood curricula available as models. Through such programs, children develop a disposition for learning and creative problem solving. Necessary ingredients include ample opportunity for children to actively explore materials, events, and ideas; make plans, choices and decisions based on their own interests; and converse and explain things in their own words. The teachers' role in such programs is to establish and maintain learning environments that allow children many choices; that support and extend children's strengths and interests; and that help children to make their own decisions, rather than to make decisions for them. Part of the day would be devoted to traditional free play, naps, meals, and other activities.

Teacher training and parental involvement are both important to the child's development through such methods.

The word "curriculum" may be misleading to the extent that it implies the acquisition of specific skills through formal instruction. The intention of this program is not to create "super-educated" toddlers or run "first grade for four-year-olds," but rather, to provide an environment in which children can exercise their innate ability to learn.

Local providers will be chosen by a local policy group after it conducts a needs and resources assessment. The eight-member policy group includes the Head Start agency, superintendent of schools, board of education, social services agency, early childhood teachers, and three parents, two of whom must be Head Start parents. Others interested in early childhood education, such as resource and referral agencies, business, labor, public health and nutrition agencies, and others may be consulted. Eligible providers may include elementary and secondary schools, Head Start providers, nonsectarian nonprofit community-based organizations and others that meet the above standards. Centers must meet state and local requirements for licensing, applicable state and local requirements relating to health, sanitation, building and fire safety, and federal and state child care standards for programs for three to five-year-olds.

The service delivery agent would not be chosen at the federal level. The program is designed to allow maximum flexibility in service delivery, as long as the chosen agents are able to meet the above standards and as long as the localities employs multiple service providers.

All children are eligible for the program in the year before they enter kindergarten, usually at age four. A locality which has served all four-year-olds interested in services, may use funds to serve three-year-olds. Services will be without charge to children from families with incomes below 115% of the poverty line. A minimum of 50 percent of the places in each locality will be reserved for children from these families, until all such children are served. Children from families with incomes above this level will be charged fees based on a sliding scale keyed to family income, established by the local provider based on state and federal guidelines. Parent fees may not exceed 10 percent of gross income, but families that can afford to pay must do so.

It is beneficial to all children to have a racial, ethnic, and socioeconomic mix of children within each program. Both Althea Simmons, Director of the Washington Bureau of the National Association for the Advancement of Colored People, and Evelyn Moore, Executive Director of the National Black Child Development Institute stressed this point in hearings before the Committee. Moore recommended doing away with the existing "two-tier system of early childhood delivery". Simmons urged that all children, rich and poor, can benefit from early childhood programs, and that having a mix of youngster in the same program "helps both sets of youngsters". Reserving fifty percent of slots for low-income children will help achieve this goal. Although low-income children perhaps have the most to benefit from early childhood education, many middle-income parents would willingly pay for slots for their

children—currently children in families earning over $20,000 annually are far more likely to be enrolled in early education programs than are children from less well-off families. Working parents in need of day care for their children would also benefit from a program such as this one.

Programs currently serving children aged three, four, and five years can be expanded or upgraded with funds from this program, as long as such funds do not supplant current overall program funds. New programs established with funds from Smart Start should be targetted at children for the year before they enter kindergarten.

*Authorization of funds*—The maximum authorizations are $500 million in 1990, $750 million in 1991, and $1 billion in each of 1992, and 1993. The level of authorization is limited in any year by the level of appropriation for Chapter One of the Elementary and Secondary Education Act which exceeds $5,092,000,000 ($325 million over 1990 current services levels), and the level of appropriation for the Head Start program which exceeds $1,536,000,000 ($250 million over 1990 current services levels). In addition, the Preschool Program under Section 619 of the Education of the Handicapped Act must exceed $306,000,000 before funds will become available for Smart Start.

## IV. Committee Views

S. 123, Smart Start: The Community Collaborative for Early Childhood Development Act of 1989, creates a new funding stream for the upgrading and enhancement of early childhood development programs.

Section 3 defines the term "early childhood development". This term is used throughout the legislation. It was specifically selected rather than "early childhood education" to guard against the profileration of developmentally inappropriate programs which simply use a kindergarten or first grade school curriculum for pre-kindergarten students. The Committee intends that we not support these aged-down academic programs aimed at creating "super tots", but rather that funds be used to support programs which are age-appropriate for the children served.

Section 3 defines the term "locality" as any general purpose unit of government or a consortium thereof. The Committee intends that more than one general purpose unti of government may apply together as a "locality" for funds under Smart Start.

Section 3 defines the term "Secretary" as the Secretaries of Education and Health and Human Services acting jointly and section 17 describes their respective roles. The Committee intends that Smart Start be operated by the two Departments jointly to draw on the expertise each has to offer. The Department of Health and Human Services has administered the Head Start program for 20 years, and therefore has a great deal of expertise in early childhood development, particularly with respect to the health and social services which are required under Smart Start. The Department of Education has administered preschool programs under Chapter 1 as well as the Education of the Handicapped Preschool Program. While these are much smaller efforts, the Education De-

partment has vital expertise in early childhood development, particularly with regard to the educational component of programs funded under Smart Start. The Committee notes that just a few years ago this program would have automatically been housed under the jurisdiction of the two agencies when they were merged as one: the Department of Health, Education, and Welfare. The Committee intends that the two individual departments work together to develop regulations and all policy guidelines regarding the administration of the program. The Department of Education will have final administrative responsibility over such things as disbursement of funds, records and audits.

Section 4(b) contains the authorization of appropriations. Appropriations for Smart Start are contingent upon certain increases in the Chapter I, Head Start, and the Education of the Handicapped Preschool program. The increases listed in the legislation are the equivalent of $325 million over the 1990 CBO baseline for Chapter I, $250 million over the 1990 CBO baseline for Head Start, and the level of funding for the EHA Preschool program necessary for that program to become mandatory for all states. The Committee intends by these "triggers" to ensure that this new authorization does not draw funds away from existing programs that serve the same population. Appropriations are further limited by the extent to which appropriations for Chapter I and Head Start exceed the "trigger" levels. For every dollar which is appropriated for Smart Start, a dollar above the "trigger" levels must also have been appropriated for Chapter I and for Head Start. The Committee intends by this limitation to ensure that the rate of future growth of Chapter I and Head Start does not fall behind the rate of growth of the new authorization.

Section 5 describes eligibility for assistance under Smart Start. Special provision is made to allow a locality to participate even if the state in which the locality is located chooses not to participate. The Committee expects that over the course of Smart Start's implementation all states will choose to participate. But the Committee does not wish to exclude participation by a locality if that is not the case.

Section 6(b) describes the interstate formula for allocation of funds. The formula uses "tax capacity index" and "tax effort index" to measure each state's wealth and ability to raise local revenues.

The "tax capacity index" is based on the Representative Tax System "tax capacity" measure developed by the Advisory Commission on Intergovernmental Relations (ACIR). This "tax capacity" measure is intended to indicate the relative ability of a State to raise revenue from typical State and local government tax sources (e.g., sales taxes, property taxes, etc.). The measure is calculated annually by ACIR for each State and is expressed as an index number on a scale whereby the national average "tax capacity" is 100: for relatively "poor" States it is less than 100, and for relatively "rich" States it is above 100.

The "tax effort index" is also based on data provided by the ACIR; it is a measure of the relationship between the amount of State and local government revenue per capita that States actually raise compared to the amount they could raise if they applied

ACIR's Representative Tax System. In other words, this index represents a comparison of what revenues States do raise as a proportion of the amount they could raise if they charged national average tax rates to all tax bases typically used by State and local governments. Under the parts of the formula to which the "tax capacity index" is applied, States with higher than average tax effort receive higher grants, while those with relatively low tax effort receive lower grants than would be the case if the index were not applied.

Use of the measures of fiscal capacity or wealth mean the formula takes into consideration not only each State's need for assistance, as measured by population in the relevant age range, but also the State's ability to pay for early childhood education. Even if the population factor used is counts of poor children, fiscal capacity is a distinct and separate measure of need for Federal aid. This is especially applicable for Smart Start, where the Federal Government would not pay the full costs of the services subsidized by the Federal grant; the proposed program has non-Federal matching requirements, and is intended to stimulate the States to otherwise increase their support for early childhood education. A measure of State wealth (personal income per capita) is currently used in the allocation formula for the Carl D. Perkins Vocational Education Act, as well as several other Federal grant programs outside the U.S. Department of Education (ED).

The second type of fiscal measure in the Smart Start formula is the index of fiscal effort. Although the formulas of ED's programs of education for the disadvantaged (Chapter 1) and Impact Aid include State and local education expenditure levels, no current ED program incorporates a fiscal effort measure—i.e., a measure that compares expenditures to wealth or ability. The measure of fiscal effort in the Smart Start proposal would provide higher grants to States that spend greater amount for public services relative to the resources or wealth they have available. Thus, the formula would not simply reward high spending States, but only States that spend a relatively high amount compared to what they could spend. As with the tax capacity measure, such a fiscal effort factor is appropriate for Smart Start, with its matching requirement and intention of stimulating greater State and local spending for early childhood education. States that are poor yet spend a high share of their resources on education and other public services, would have both of these characteristics counted in the formula. Inclusion of the effort factor also responds to criticism often directed to matching requirements in Federal grants, that these are unfavorable to poor States that have limited resources from which to match the Federal grants. In addition, increases in State and local spending for early childhood education, leading to a rise in the State's tax effort factor, would be directly rewarded through increase future grants.

In comparison to the measures of fiscal capacity and effort that are based on personal income per capita, the ACIR measures used in the Smart Start formula have the advantages of greater comprehensiveness and relevance to typical State and local government finance systems. The ACIR measures consider not only personal income but also such other sources of revenue raising capability as residential and commercial property, general sales activity, corpo-

rate income, estates, and specialized activities that are often subject to State and local excise taxes or license fees. These additions to personal income are important not only because they are also sources of wealth, but particularly because they include all of the resources and activities on which State and local governments typically levy taxes. Thus, they represent the entire tax base actually relied upon by States and localities to raise revenues, not simply one part of that base—personal income—that is taxes more heavily by the Federal than State or local governments.

Section 6(c) provides a hold harmless of 80 percent due to fluctuations in the tax wealth and tax capacity indices. These indices are updated from year to year, and the Committee intends that the hold harmless protect against extreme fluctuations in these which might have the effect of dramatically changing a state's allocation. The hold harmless provision does not protect against fluctuations caused by other factors such as a cut in the appropriations level, or an increase in the number of applicants for grants.

Section 6(h) provides that if the appropriation is less than $50 million, funds would be given out by discretionary grant by the Secretary rather than by formula. The Committee believes that using a formula to distribute less than $50 million would spread the funds too thinly and result in grants that are too small to run effective programs. The Committee intends in this situation that grants be used to establish fewer programs that will serve as models for later implementation of a broader program.

Section 7 describes the intrastate formula for allocation of funds. Subsection (c)(1)(C) provides that sixteen and one-half percent of the funds will be distributed based on the success of collaboration and coordination among local policy group members, the quality of the needs and resources assessment, and the extent of coordination which occurs above the minimum required to comply with this Act. The Committee recognizes that the provisions of this legislation ask organizations and agencies which have not traditionally needed to coordinate or work together to do so. The Committee believes that pre-kindergarten-aged children have the most to gain from a program which offers both high quality educational programs as well as necessary health, social, and nutritional services. Children at this age need a comprehensive program. Traditionally, governmental structures have placed responsibility for early childhood programs squarely within the jurisdiction of either the educational administration or the social services administration without drawing on the expertise that the other entity has to offer. In many instances, services are offered by both educational and social service providers operating in parallel with no consultation or communication between them. Turf is protected. But children and families lose out by not having the benefit of comprehensive services which draw on both educational and social services.

Smart Start tries to break down these barriers at every level of government by requiring that educational agencies and social services agencies work together to implement the program at the federal, state (section 9—State Advisory Task Force), and local levels. In the formula, the Committee wishes to acknowledge that this will take substantial commitment from all parties involved in order to be successful, and to give a small incentive to parties to engage in

the collaboration and coordination above and beyond the minimum degree necessary to comply with the requirements of this Act. This is done by distributing a small portion of the intrastructure funds based on these efforts.

Section 7(c)(7) provides that a locality will be ineligible to receive a grant if the intrastate formula funds, when matched by nonfederal funds, would be less than $25,000. The Committee intends by this provision that the state will only make awards to localities which are eligible to receive $25,000 under this Act, not that every locality receive a minimum of $25,000. This provision is intended to protect against funds being allocated so widely that individual grants are insufficient in any single locality to implement a quality program.

Section 7(d) provides that states which receive the small state minimum under the interstate formula in section 6 shall distribute funds to localities on the basis of discretionary grants. Such grants will be based on: the number of poor children, the concentration of poor children, and the quality of the program. Consideration shall also be given to collaboration and coordination. The Committee permits the states receiving the small state minimum to distribute funds in this alternative fashion because the states affected are small in population, rural and have scattered population patterns. As a result, funds cannot be adequately distributed by formula in such states, and the $25,000 minimum grant size would serve to disqualify many localities from participating simply because they would not receive this level of funding under the formula.

Sections 9 requires that a State Advisory Task Force be established. The task force will conduct a needs and resources assessment, will devise a plan for providing services throughout the state, and will evaluate local applications for funding. The Committee does not intend to create a new bureaucratic instrument to administer this program. It intends, rather, to bring together the entities which already exist, and which are most involved in the provision of early childhood services. This is another attempt of the legislation to break down the barriers which have traditionally existed between educational and social service providers. The Committee does not intend to complicate the administration of early childhood programs, not to add new administrative or bureaucratic structures. The structure of the task force is also not intended to impede the speedy distribution of funds or otherwise impede the operation of the program. The Committee intends that members of the task force will work on a cooperative basis, perhaps delegating particular responsibilities among members of the task force.

The Committee intends that a pre-existing state interagency task force comparable to the one required in this section may be used to perform the responsibilities under this Act. No new task force need be created.

Section 10 requires that a lead state agency be designated. While the State Advisory Task Force has the primary policy making role in the state for administering Smart Start, a state agency must be designated as the legal recipient and disburser of federal funds. The Committee intends that the agency to be designated be the agency with the most experience in administering early childhood programs or the most able to deliver services. The Committee fur-

ther intends that the lead state agency will follow the plan developed by the task force in performing its responsibilities under this Act.

Section 12 requires that a local applicant establish a Local Policy Group, comprised of the entities most involved in the provision of early childhood services at the local level. The membership of the Local Policy Group is very specifically determined. It includes eight members and is intended to balance the representation of educational and social service providers, including Head Start. This section specifies that where an applicant consists of more than one locality, an additional representative from each category listed may participate, but the voting representation on the Group must remain the same as if only one locality was represented.

The primary responsibilities of the Local Policy Group will be to conduct a needs and resources assessment and to develop the locality's application to the state for funding. As with the State Advisory Group, the Committee does not intend by requiring this task force to create a new bureaucratic instrument to administer this program. Once again, it intends, instead, to bring together the entities which already exist, and which are most involved in the provision of early childhood services. The Committee hopes that this will have the effect of breaking down the barriers which have traditionally existed between educational and social service providers at the local level, just as we have tried to do at the state and federal levels. Again, the Committee does not intend to complicate the administration of early childhood programs. Nor is the structure of the policy group intended to impede the speedy distribution of funds or otherwise impede the operation of the program. The Committee intends that members of the policy group will work on a cooperative basis, perhaps delegating particular responsibilities among members.

The Committee intends that a pre-existing local policy group comparable in make-up and balance to the one required in this section may be used to perform the responsibilities under this Act. No new policy group need be created.

Section 13 also requires that a local administering agency be designated to be coordinator of all programs funded by Smart Start and for purposes of administration and fiscal control. As with the lead state agency, the Committee intends that the local administering agency carry out the policy decisions made by the local policy group.

Section 14 describes the eligible population. The Committee intends that services be available to children in the year before they enter kindergarten, usually at age four. The bill describes eligibility in terms of years prior to first grade rather than kindergarten because there may be jurisdictions which do not operate kindergarten programs. The Committee's decision to focus on the single age-group, four year olds, was a decision based on research evidence and funding constraints. Research evidence shows that children can realize the strong benefits offered by preschool with even one year of participation. The Committee intends, then, to concentrate available funds on the single prekindergarten year with the intention that every child will have an opportunity to participate in such a program. Opening up the program to a broader age-range

would have the effect of diluting availability of services for any single age-group, and greatly reduces the chances that every child will have an opportunity to participate in such a program. There is some flexibility, however. A locality which has provided services to all the four-year-olds seeking them may use Smart Start funds to serve three-year-olds. In addition, programs which serve a broader age-range of students are eligible to receive funds.

Section 14 also provides for a contribution from families who earn more than 115 percent of the poverty line. Section 15(d) of the bill targets poor children by reserving 65 percent of the funds and 50 percent of new slots for children from poor families. While the Committee believes that this targeting is very important, it also believes that at local option, every child should have an opportunity to participate in early childhood development programs. Under Smart Start, a program may choose to serve only poor children. The Committee would hope that at least some programs will choose to serve both poor and non-poor children since educational research indicates that all children profit from a socio-economically mixed environment in the classroom. Parents who can afford to pay do pay on a sliding fee scale basis up to the full cost of tuition for the program. This will ensure that government funds are reserved to subsidize those children in need of a subsidy. In this way, more children can be served in Smart Start funded programs without costing additional taxpayer dollars.

Provision is also made to ensure that parents whose children receive services under Smart Start which are included in an individualized education program under part B of the Education of the Handicapped Act will not be required to pay for these services regardless of their income. The sliding fee scale provision of Smart Start is not intended to in any way override EHA provisions for fee services.

If a state or locality chooses to provide fee services to all parents, the state or locality may pay the share which would be charged to parents. This amount would be paid over and above the non-federal share required to match federal Smart Start funds.

Section 15 describes the uses which may be made of Smart Start funds. The purpose of Smart Start is to provide funds so that existing programs may add any of the components identified as being an integral part of high quality early childhood development programs which they may be missing. The Committee's goal is make all programs high quality with comprehensive services for children and their families. Different types of existing programs will have different needs which may be addressed by Smart Start funds. Head Start-sponsored programs may use funds to raise staff salaries, to train staff, and to extend the hours and days of operation. School-based programs may add social services, and extend the hours and days of operation. Priority is given to expanding and upgrading existing programs rather than establishing new programs because the Committee believes this will result in a more efficient use of limited resources, and is preferable to establishing competing programs. However, where a locality has no existing programs, or where the needs of the locality will not be met through the expansion or upgrading of existing programs, new programs may be established.

Section 16 specifies minimum standards which Smart Start funded programs must meet. These standards have been identified by the Perry Preschool study, the National Association for the Education of Young Children, and other sources as being integral components of high quality early childhood programs which give rise to the long-term benefits described earlier. Several of these standards are taken from Head Start performance standards, and subsection (c) provides that Head Start programs in compliance with Head Start performance standards are deemed to be in compliance with certain Start Start standards. The Committee intends that funds received under Smart Start may be used for programs to come into compliance with these standards, or if insufficient for this, to move toward these standards. Compliance with these standards is not intended to be a prerequisite for receipt of funds.

Section 16(b) requires that localities employ multiple service providers. The Committee intends that where more than one service provider exists, funds under Smart Start be made available to more then one service provider. This is to help ensure that one organization or entity does not become the sole provider of services in a particular locality to encourage comprehensive service provision from a variety of sources. This will also help preserve parental choice among programs.

Localities are also required to ensure that children are not removed from programs as a result of changes in family income.

Section 19 prohibits persons responsible for the operation of programs funded under Smart Start from discriminating on the basis of race, religion, color, national origin, sex, political affiliation, handicap, or age, and requires that any grant or contract for financial assistance under Smart Start specify the same.

Section 20 provides for a declining federal share from 70 percent to 50 percent over three years of a state's participation in the program. This state share must be in cash and a state may not pass along more than 25 percent of its share to the localities. The decline is intended by the Committee to recognize the upfront costs of starting a new program.

The Committee intends through this match requirement to leverage state funds. Many states have acknowledged that early childhood development is a worthy investment of their taxpayers' dollars. Twenty-nine states across the country have established early childhood programs. But in most instances these programs do not build on existing programs like Heat Start or even coordinate with them. Instead, they establish separate programs which compete with existing ones for children, for teachers, and for space. Smart Start hopes to leverage state dollars by providing a substantial incentive (a dollar for dollar match) to states to channel funds into existing programs.

For a locality in a non-participating state, the nonfederal share declines from 80 percent to 70 percent over three years. The nonfederal share paid by a locality may be in cash or in kind. Through this provision, the Committee acknowledges that many organizations sponsoring early childhood programs at the local level, particularly community based organizations, may not have the resources available to pay the same match required of states.

Section 20(c) requires that federal funds supplement and not supplant nonfederal funds. Paragraph (2) is intended to clarify that a particular program may evaluate the level it must supplement by the total budget of the program. For example, if a program serves children 3 to 5, and receives funds under Smart Start to serve four-years-olds, the program does not have to spend additional funds only on the 4-years-olds, but rather can use the funds throughout the program. It would only have to ensure that total nonfederal program funds were not reduced after Smart Start were received.

## V. Vote In Committee

S. 123 was brought up for markup at the Labor and Human Resources Committee Executive Session on June 7, 1989. At that time, Senator Kennedy offered an amendment in the nature of a substitute. The bill as amended as reported favorably from the Committee by a vote of 10 to 6 as follows:

| YEAS | NAYS |
|---|---|
| Kennedy | Hatch |
| Pell | Kassebaum |
| Metzenbaum | Coats |
| Matsunaga | Thurmond |
| Dodd | Durenberger |
| Simon | Cochran |
| Harkin | |
| Adams | |
| Mikulski | |
| Jeffords | |

## VI. Cost Estimate

U.S. Congress,
Congressional Budget Office,
*Washington, DC, June 14, 1989.*

Hon. Edward M. Kennedy,
*Chairman, Commmittee on Labor and Human Resources, U.S. Senate, Washington, DC.*

Dear Mr. Chairman: The Congressional Budget Office has reviewed S. 123, Smart Start: The Community Collaborative for Early Childhood Development Act of 1989, as ordered reported by the Senate Committee on Labor and Human Resources on June 7, 1989. This bill would authorize a program of grants to states and localities for expanding or establishing year-around, full-day childhood development programs for prekindergarten children.

Smart Start would be authorized for 1990 through 1993, with its authorization levels tied to funding levels for other preschool programs. No money would be authorized in any year unless Congress appropriated more than certain specified trigger amounts in that year: $5,092 million for the Chapter 1 program of compensatory education for the disadvantaged, $1,536 million for the Head Start program, and $306 million for preschool programs for handicapped children. Once all three triggers are reached, each additional dollar appropriated for Chapter 1 and Heat Start would increase the Smart Start authorization by one dollar, up to stated maximum

amounts. The authorization level could vary from $0 to $500 million in 1990, $0 to $750 million in 1991, and $0 to $1 billion in 1992 and 1993. In addition, the authorizations would be tied to the lesser of the amounts over the triggers in the Chapter 1 and Head Start programs. The authorization levels would not be affected by the size of the appropriation for the preschool program for the handicapped once it trigger was reached.

In 1989, Congress appropriated $4,570 for Chapter 1 ($522 million less than the trigger), $1,235 million for Head Start ($301 million less than the trigger), and $247 million for preschool programs for handicapped children ($59 million less than the trigger). If the appropriations in 1990–1993 were at the 1989 levels increased annually by the inflation assumptions in the CBO baseline, all three programs would still be funded below the three trigger levels, and no money would be authorized for Smart Start. If the appropriations in 1990 were at the existing authorized levels for these three programs, the triggers would be exceeded for Chapter 1 and preschool programs for handicapped children, but not for Head Start, and so no money would be authorized for Smart Start. Legislation increasing the Head Start authorization in 1990 to $1,552 million has passed the House and is before the Senate. If this legislation were enacted and fully funded, and Chapter 1 and preschool programs for the handicapped were fully funded at existing authorization levels, $14 million would be authorized for Smart Start, with estimated outlays of $3 million. At the maximum, $500 million could be authorized and appropriated for Smart Start grants in 1990, resulting in estimated 1990 outlays of $100 million.

The bill would also require the Secretaries of Education and Health and Human Services to provide continuing evaluations of Smart Start programs, using comparisons with control groups where appropriate. Federal evaluations are estimated to cost $2 million annually, based on the research and evaluation budgets for the Head Start and Comprehensive Child Development Centers programs.

The bill's cost impact on states and localities would vary depending on Smart Start authorization and appropriation levels. If less than $50 million were appropriated, the Secretaries of Education and Health and Human Services would make discretionary grants to selected states and localities. If at least $50 million were appropriated, grants would be allocated to all states, and states would make the funds available to localities. States and localities would provide 30 percent matching funds in the first year, 40 percent in the second year, and 50 percent in the third year and later years. At least three-fourths of the non-Federal share would come from the states, in the form of cash from non-Federal sources. Localities would pay no more than one-fourth of the non-Federal share, either in cash, or in kind. If a state chose not to participate in the grant program, localities could apply directly for funds. Localities in non-participating states would pay a matching grant of 20 percent in the first year, 25 percent in the second year, and 30 percent the third year and later years.

If you wish further details on this cost analysis, we will be pleased to provide them. The CBO staff contact is Julia B. Isaacs (226-2820).

Sincerely,

ROBERT D. REISCHAUER.

## VII. REGULATORY IMPACT STATEMENT

The Committee has determined that there will be minimal increases in the regulatory burden imposed by this bill.

## VIII. SECTION-BY-SECTION ANALYSIS

### S. 123, SMART START: THE COMMUNITY COLLABORATIVE FOR EARLY CHILDHOOD DEVELOPMENT ACT OF 1989—A SECTION-BY-SECTION DESCRIPTION OF THE BILL AS REPORTED BY THE COMMITTEE ON LABOR AND HUMAN RESOURCES

*Section 1. Short title; table of contents*

The bill is entitled "Smart Start: The Community Collaborative for Early Childhood Development Act of 1989".

*Section 2. Statement of findings and purpose*

The Congress finds that high quality early childhood development programs can increase the rates of literacy, high school graduation, employment, and enrollment in higher education among participants, while reducing their rates of handicaps, teenage pregnancy, welfare dependency, and delinquency. Early childhood development programs are also found to cost effective investments for society. Nevertheless, most children from low income families are not enrolled in early childhood development programs; and many existing programs need to be upgraded and expanded.

The purpose of this bill is to increase the availability of high quality, full day, full year, comprehensive, developmentally appropriate early childhood development programs; and to promote coordination of resources for, and collaboration among agencies and organizations providing, early childhood development services.

*Section 3. Definitions*

Definitions are provided for the terms, "early childhood development program", "full calendar year", "full day", "handicapped child," "locality," "poverty line", "prekindergarten", "State", "parent", "service provider", "Secretary", "training", "child development specialists", "mental health professional", and "social services professional".

*Section 4. Program authorized*

Funds are authorized to be appropriated for the Smart Start program for fiscal years 1990-1993. Funds may not be appropriated for Smart Start unless the appropriation for the Head Start program is a least $1,536,000,000, the appropriation for chapter 1, title I, of the Elementary and Secondary Education Act is at least $5,092,000,000, and the appropriation for the Preschool Grant program of the Education of the Handicapped Act is at least $306,000,000. If these 3 minimum funding levels are met, then the

amount authorized to be appropriated for Smart Start for any year is equal to the amount appropriated for Head Start of chapter 1 in excess of the levels noted above, whichever excess amount is less. Appropriations are further limited to be no more than $500,000,000 for fiscal 1990, $750,000,000 for fiscal year 1991, and $1,000,000,000 for each of fiscal years 1992–1993.

*Section 5. Eligibility for Federal assistance*

States are eligible to receive grants if they submit an application meeting the requirements in sec. 11, and establish a State Advisory Task Force, as described in sec. 9. Localities are eligible to receive Smart Start grants, if their State does not participate, if they make an application as described in sec. 13, and establish a Local Policy Group meeting the requirements in sec. 12.

*Section 6. Allotments to States*

Smart Start appropriations will be allocated to the States by formula in any fiscal year for which the appropriation is $50,000,000 or more. One percent of appropriations is reserved for grants to the outlying areas. Remaining funds are allocated to the 50 States, the District of Columbia, and Puerto Rico according to a formula with four parts. One-quarter of the funds will be distributed on the basis of each of the parts. The formula combines two population groups and two fiscal measures to produce the four allocation components. The two population groups in this formula are:

The number of children under the age of 5 years who are in poor families, and

The total number of children under the age of 5 years.

Under this formula, one-half of the funds is allocated in proportion to the two population groups multiplied by a tax capacity index (one-quarter of all funds on the basis of each group), and the other half is allocated in proportion to the populations multiplied by a tax effort index (again with one-quarter of all funds on the basis of each group).

The tax capacity index is based on the Representative Tax System tax capacity measure developed by the Advisory Commission on Intergovernmental Relations. The tax capacity index in the bill's formula is equal to 100 divided by the State tax capacity figure. Thus, this multiplier reduces allocations to States with above average tax capacity and raises allocations to States with below average tax capacity.

The tax effort index is also based on data provided by the Advisory Commission on International Relations; it is a measure of the relationship between the amount of State and local government revenue per capita that States actually raise compared to the amount they could raise if they applied the Advisory Commission on Intergovernmental Relations' Representative Tax System. The tax effort index differs from the tax capacity index in that the Advisory Commission on Intergovernmental Relations' tax effort measure is divided by 100, not divided into 100. As a result, under the parts of the formula to which the tax effort index is applied, States with higher than average tax effort receive higher grants, while those with relatively low tax effort receive lower grants than would be the case if the index were not applied.

No State may receive a grant of less than 80 percent of its previous year grant as a result of changes in its tax capacity or tax effort indexes. Finally, there is a State minimum grant of 0.25 percent of total appropriations. Funds not needed by a State, including cases where a State does not apply for grants but some localities within the State do apply, shall be reallocated to the others, although the amount of reallocated funds that States initially receiving the 0.25 percent minimum grant may receive is reduced by the amount by which their grants were initially increased.

If the Smart Start appropriations is less than $50,000,000, grants will be made on a discretionary basis by the Secretary of Education. The Secretary shall consider the quality of the State or local plan and proposed program, level of need, and geographic diversity in making grants. The number of grants cannot exceed 2 grants to States and 8 grants to localities per $10,000,000 appropriated.

*Section 7. Locality and within State allocation*

In fiscal years when Smart Start funds are allocated by formula, States other than those receiving the minimum grant will reserve 25 percent of their grant for the following activities: up to 5 percent for administrative costs (at least 20 percent of this amount for the State Advisory Task Force); at least 5 percent for grants to localities in nonmetropolitan areas or serving migrant or Native American children; at least 10 percent for discretionary grants to localities; and at least 5 percent for statewise training and technical assistance. In States receiving the minimum grant of 0.25 percent of appropriations, the State is to reserve 10 percent of its grant—5 percent for administrative costs (at least 20 percent of this amount for the State Advisory Task Force), and 5 percent for statewide training and technical assistance.

In States other than those receiving the minimum grant, the remaining 75 percent of State grants are to be allocated to localities on the basis of the following criteria: 67 percent of funds on the basis of the locality's share of the State's number of children under age 5 years in poor families; 16.5 percent on the basis of the locality's share of the State's total number of children under age 5 years; and 16.5 percent on the basis of the quality of the locality's application and plan. In States receiving the minimum grant, the remaining 90 percent of funds are to be allocated to localities on the basis of the locality's number and percentage of children below age 5 years in poor families, and the quality of the proposed program.

If a State does not apply for Smart Start grants, but one or more localities in the State do apply, then the localities will receive grants equal to those they would have received if the State had applied for assistance. Remaining funds that would have been allocated to the State will be reallocated.

No Smart Start grant may be made to a locality if the total Federal and State grant would be less that $25,000. Localities may use up to 5 percent of their grants for administrative costs (at least 60 percent of these funds must go to the Local Policy Group).

*Section 8. Planning grants*

A locality may apply to the State, or directly to the Secretary of Education if its State does not participate, for a 6-month planning grant, which would be deducted from funds the locality would otherwise receive under this program.

*Section 9. State advisory task force*

States that wish to receive a Smart Start grant must establish—or designate, if a comparable task force already exists in the State—a State Advisory Task Force. The Task Force must include representatives of the governor, the State education agency, the State social services (or child development or advocacy) agency, the State Head Start association, and parent organizations; and may include representatives of other interested agencies and organizations. No member of the Task Force may vote on any matter that would result in direct personal financial benefit to him or her, or otherwise give an appearance of conflict of interest under State law. The Task Force shall recommend a Lead State Agency to administer the program; advise the Lead State Agency by conducting an assessment of early childhood development needs and resources in the State; develop the State application and plan; review State policies and laws that may restrict the delivery of early childhood development services; approve local applications; prepare an annual report to the governor on early childhood development joint planning for services under Smart Start and other services required or authorized under Federal laws.

*Section 10. Lead State agency*

Upon recommendation by the State Advisory Task Force, the governor shall designate a Lead State Agency to administer the Smart Start program, taking into account the experience of various agencies in administering early childhood development programs. The Lead State Agency may be either the State education agency, the State department of social services, or the State agency for child development or child advocacy.

*Section 11. State application and State plan*

A State's application for assistance under this program shall include a list of members of the State Advisory Task Force, the designation of a Lead State Agency, the State plan, and other information that the Secretary of Education may require. The State plan is to include the results of the State needs and resources assessment; provisions for coordinating services with those of existing Head Start programs; a description of how the State will comply with the Smart Start program's requirements; a description of how the State will employ multiple service providers; provision for keeping such records and making such reports as the Secretary of Education may require; and provision that Federal funds, as well as matching funds required under sec. 20, will be used to supplement, not supplant, non-Federal funds for early childhood development services.

*Section 12. Local policy group*

Localities wishing to receive a Smart Start grant must establish—or designate if a comparable group already exists—a Local Policy Group of up to 8 members, selected by the chief elected official(s) of the locality. The Local Policy Group is to be composed of representatives of government agencies, service providers, and other institutions and organizations interested in early childhood development services, including specifically the local Head Start agency, the local board of education, the local school superintendent, the local social service (or child development or advocacy) agency, and early childhood teachers. The Group shall also include 3 parents of prekindergarten or elementary school age children, at least 2 of whom must have children who receive(d) Head Start services.

The Local Policy Group shall develop the application for Smart Start grants; develop an early childhood development needs and resources assessment for the locality at least once every 3 years; assure that multiple service providers are utilized; review local laws and policies that might restrict the delivery of early childhood development services; identify services to be coordinated with early childhood development programs; prepare an annual report to the State Advisory Task Force on the uses of funds; and arrange for evaluations to be conducted. Except for the purposes of evaluations as required by sec. 18, the institution of minimum standards as required by sec. 16, or enforcement of the uses of funds as provided in sections 14 and 15, the Local Policy Group shall not supercede the operations or practices of agencies administering early childhood development programs. No member of the Local Policy Group may vote on any matter that would result in direct personal financial benefit to him or her, or otherwise give an appearance of conflict of interest under State or local law.

*Section 13. Local plan and application*

A locality's application for Smart Start assistance must be prepared by the Local Policy Group and may cover a period of up to 3 years, subject to annual review. The application is to be submitted to the State Advisory Task Force, if the State participates in the program, or to the U.S. Secretary of Education, if the State does not participate. The application shall contain a detailed service delivery plan, including: information on use of multiple providers, and on coordination of services with Head Start providers, local educational agencies, and other providers of early childhood development services; a description of how the plan meets the needs identified in the required needs and resources assessment; assurances that, and descriptions of how, the locality will meet the requirements of this program; and evidence of effective use of existing Federal and State funds for services to prekindergarten age children.

The chief local elected official(s) shall designate a local agency to administer the Smart Start program from among the local educational agency(ies), local social services agency(ies), or local child development agency(ies), taking into account the experience of vari-

ous agencies in administering early childhood development programs.

*Section 14. Eligible children and families*

In general, children are eligible to participate in Smart Start programs in the year that is 2 years before they are eligible to enter first grade, under State law (i.e., typically 4-year olds). When all such children are served in a State or locality, then children in the third year before first grade (typically 3-year olds) may be served. Funds may be used to enhance existing State or local programs for children of these ages.

Smart Start services are to be provided free of charge for children in families with income below 115 percent of the poverty level. Fees are to be charged for services to children from families with income above 115 percent of the poverty level, on a graduated scale based on family income, up to a maximum of the full cost of providing the services. One exception is that services provided as part of a handicapped child's individualized educational plan are to be provided free of charge. A State or local government may pay part or all of these fees from non-Federal funds. In any case, fees may not exceed 10 percent of a family's gross income.

*Section 15. Use of funds*

Smart Start funds may be used to initiate, expand, or upgrade early childhood development programs for prekindergarten age children. These programs may be provided by public agencies or private, nonprofit, nonsectarian organizations, and must be operated for the full day and calendar year. Priority is to be given to expanding current programs, where they exist.

Specific authorized activities include: development and training in the use of developmentally appropriate early childhood development curricula; health and nutrition services; parent education and involvement; referral to other services; prenatal health and education services for parents of children participating in early childhood development programs; information dissemination; staff training; upgrading staff salaries; activities intended to integrate children of different backgrounds and characteristics in terms of gender, race, ethnicity, handicapping condition, and socioeconomic status; acquisition of materials and equipment; rental or minor construction and remodelling of facilities; transportation of childhood; and evaluation.

At least 50 percent of the spaces, and least 67 percent of the funds, made available under this program are reserved for children from families with income below 115 percent of the poverty income level.

*Section 16. Minimum standards*

Providers of early childhood development services by the Smart Start program are required to meet several minimum standards. These standards include: the maximum child-adult ratio is 10–1; the maximum group size is 20 children; services must be provided for the full day and calendar year; at least one staff person for each group of children must have a certification or nationally recognized credential in early childhood education or development; all

other staff members must have at least 40 hours of preservice training; all staff members must receive at least 24 hours of annual inservice training; standardized tests shall not be used to determine admissions or group assignment; developmentally appropriate curricula must be used; nutritious meals and snacks must be served; children must be screened for health and handicapping conditions, and referrals to other services made where appropriate; parenting education and family support services must be provided; resources shall be shared with the local public school system; services will be coordinated with those for infants and toddlers; active parental involvement, including a role in making policy, shall be ensured; and children will be provided with a safe physical environment.

In addition, localities receiving Smart Start grants shall meet minimum standards that include: employment of multiple service providers (unless there is only one in the locality); and no child shall be denied the opportunity to continue to be served as a result of changes in family income.

*Section 17. Federal administrative provisions*

While the Secretary of Education is primarily responsible for administration of this program, policies and regulations shall be developed jointly by the Secretaries of Education and Health and Human Services to the maximum extent possible. If the Secretary of Education finds that a State or locality has failed to comply substantially with the requirements of this program, after notification and an opportunity for a hearing, further grants shall be reduced or terminated until there is no longer such failure of compliance. A State or locality that is dissatisfied with such an action by the Secretary of Education may file a petition for review with the United States Court of Appeals, which may affirm or set aside (in whole or in part) the action of the Secretary.

If an existing Head Start agency has been located in facilities of a local educational agency, the Head Start agency may not be denied continued use of those facilities due to implementation of the Smart Start legislation.

Sections 411–419 of the General Education Provisions Act, that deal with evaluations and the availability of appropriations, shall apply to this program.

*Section 18. Evaluation*

The Local Policy Group must arrange for evaluations of local programs by community members and independent early childhood development experts. The Lead State Agency shall also monitor local programs periodically for compliance with the minimum standards (sec. 16). The State Advisory Task Force shall also arrange for independent reviewers to evaluate Smart Start programs in the State.

The Secretary of Education shall assure that programs are monitored for compliance with the minimum standards (sec. 16), and submit to the appropriate congressional committees an annual report summarizing the State evaluations of Smart Start programs. The Secretary shall arrange for national evaluations of Smart

Start programs to be conducted, and to be published within 90 days of their completion.

*Section 19. Nondiscrimination*

Grants or contracts authorized under this program must provide that there will be no discrimination on the basis of race, religion, color, national origin, sex, political affiliation, handicap, or age.

*Section 20. Payments; Non-Federal share; supplementation of funding*

For States participating in the Smart Start program, the Federal share of program costs will be 70 percent the first year, 60 percent the second year, and 50 percent for the third and succeeding years in which the State receives such funds. The State must pay at least 75 percent of the non-Federal share, in cash from non-Federal sources. The remaining non-Federal share may be provided by State or local governments, in cash or in kind.

For localities receiving Smart Start funds in States that do not participate in the program, the Federal share of program costs shall be 80 percent the first year, 75 percent the second year, and 70 percent for the third and succeeding years in which the locality receives such funds. The non-Federal share may be in cash or in kind for these localities.

The Secretary of Education may waive the non-Federal matching requirements if applying them would result in substantial hardship, due to the economic conditions in a State or locality or its prior commitment of funds to early childhood development programs. All Federal funds, plus non-Federal funds paid as part of the required non-Federal share, under this program shall be used to supplement State and local funds expended for early childhood development services in the previous year.

*Section 21. Records and audits*

Each recipient of aid under this program shall maintain records on the use of funds, as prescribed by the Secretary of Education. Both the Secretary and the Comptroller General shall have access to these records.

## X. MINORITY VIEWS OF SENATORS HATCH, KASSEBAUM, COATS, THURMOND, DURENBERGER, AND COCHRAN

There is no argument about the importance of quality early childhood development programs. It is essential to begin working with children—particularly disadvantaged children—as early as possible in order to prevent problems down the road. The seeds of problems such as drug and alcohol abuse, teenage pregnancy, crime, illiteracy, and dropping out of school are planted in the early years.

Our opposition to S. 123, Start Smart: The Community Collaborative for Early Childhood Development Act of 1989, is not based upon disagreement with its stated purposes but rather upon its proposed means for achieving them. Smart Start proposes to launch an entirely new program which parallels Head Start and other existing programs of proven effectiveness. There is enormous capacity for growth in existing programs, and we should tap that potential before we allocate limited resources toward a new bureaucracy.

Congress has not ignored the need for early childhood development. The most notable effort in this area is the Head Start program, which offers a broad range of social, nutritional, educational, and medical services to disadvantaged preschool children. Head Start funding in Fiscal Year 1989 exceeds $1.2 billion, and the program serves approximately 450,000 children nationwide.

In addition, an estimated 64,000 preschoolers receive services under Chapter 1, Title I of the Elementary and Secondary Education Act, which offers assistance for the education of disadvantaged students. Last year, Congress expanded Chapter 1 to include the Even Start program, which provides for the education of both young children (aged 1–7) and their parents who have not completed high school. Current funding for this program is $14.8 million.

The Education of the Handicapped Act also serves approximately 287,000 children between the ages of 3 and 5 through its Preschool Incentive Grant program. Funding of $247 million is available for this program.

Although these effotts demonstrate congressional commitment to early childhood development, there is still much room for expansion and improvement. Funding is available to serve less than 20 percent of the population eligible for Head Start and only half of Chapter 1 eligibles. There is a plenty or room for growth in these programs, and that is where our efforts should be focused.

The Head Start program, in particular, offers opportunities for building upon existing early childhood programs. President Bush has proposed a funding increase of $250 million for Head Start, which would allow services to be provided to up to 95,000 more four-year-olds. That is a solid beginning.

In addition, this Committee is scheduled to consider reauthorization of Head Start next year. That reauthorization is the appropriate forum for considering how we might improve services to young children. If we want longer programs, expanded training, increased salaries, or better coordination with schools, we can achieve these goals through the existing Head Start program.

A sound foundation is already in place. We can move forward without diverting funds toward the inevitable administrative and regulatory costs which accompany creation of a new program. We don't need new funding formulae, new advisory councils, new regulations, and new administrative requirements to demonstrate our commitment to early childhood development. Rather, we need to honor and build upon the substantial commitment we have already made.

ORRIN HATCH.
NANCY LANDON KASSEBAUM.
DAN COATS.
STROM THURMOND.
DAVE DURENBERGER.
THAD COCHRAN.

## IX. Changes In Existing Law

In compliance with rule XXVI paragraph 12 of the Standing Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

### *SHORT TITLE; TABLE OF CONTENTS*

*Section 1. (a) Short Title.—This Act may be cited as the "Smart Start: The Community Collaborative for Early Childhood Development Act of 1989".*

*(b) Table of Contents.—*


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### *STATEMENT OF FINDINGS AND PURPOSE*

*Sec. 2. (a) Findings.—Congress finds that—*

*(1) high quality early childhood development programs can increase the literacy rate, the graduation rate, the employment rate, and the rate of enrollment in higher education for those children who receive such programs;*

*(2) high quality early childhood development programs can also decrease the incidence of cognitive, learning, and emotional handicaps, teenage pregnancy, welfare dependency, and incidence of arrest and juvenile delinquency for those children who receive such programs;*

*(3) high quality early childhood development programs are cost effective, saving taxpayers $6 for every $1 invested;*

*(4) despite these well-documented, long-term advantages, only one-third of the children who live in poverty are enrolled in early childhood development programs;*

*(5) the less income and education parents have, the less likely their children are to be enrolled in early childhood development programs;*

*(6) many working families cannot afford high quality early childhood development programs for their children;*

*(7) half of all preschool children have two parents in the workforce or live in single parent families, and the number is growing;*

*(8) because of the growing number of such children, there is a great need for affordable high quality full day, full calendar year early childhood development programs;*

*(9) existing programs of early childhood development that run only half-day or only during the school-day and school-year should be extended to meet the full child care needs of parents;*

*(10) existing children's programs that do not meet the educational, physical, emotional, social, cognitive and communication developmental needs that high quality programs provide should be upgraded to provide these services to preschool children;*

*(11) the low salaries paid to professional staff in early childhood development programs, the lack of a professional career progression for such staff, and the lack of child development specialists makes it difficult to maintain high quality in programs for young children;*

*(12) many States and localities have established early childhood development programs to help meet the needs of young children and their families, particularly low-income families; and*

*(13) there remains a great need for high quality full day, full calendar year programs, which could be met both by expanding and upgrading existing early childhood programs and by creating new childhood development programs.*

*(b) PURPOSE.—It is therefore the purpose of this Act—*

*(1) to make widely available to prekindergarten children, especially to low-income children, a high-quality, child-centered, developmentally appropriate early childhood development program;*

*(2) to make widely available to parents who wish such services a full day, full calendar year program in which they can enroll their prekindergarten children;*

*(3) to make efficient use of Federal, State, and local resources for early childhood development by promoting collaboration and coordination at the Federal, State, and local levels;*

*(4) to assist State and local governments in providing comprehensive developmentally appropriate early childhood programs as well as health, nutrition, mental health, and other social services to all prekindergarten students, including students whose native language is other than English, and especially to needy prekindergarten students in poor urban and rural areas;*

*(5) to assist State and local governments in expanding, improving, or establishing early childhood development programs*

*using existing facilities that meet State and local safety code requirements;*

*(6) to assist State and local governments in making available family support and parenting education to parents of children in early childhood development programs who request such services;*

*(7) to provide incentives for community collaboration, including public-private partnerships, in the delivery of comprehensive early childhood services through schools, Head Start agencies, and other community-based organizations;*

*(8) to provide resources to ensure a smooth transition for students from prekindergarten into the elementary school grades when they reach the appropriate age; and*

*(9) to assist State and local governments in—*

*(A) providing training for teachers and staff of early childhood development programs, and*

*(B) promoting the use of salary scales that take into account training and experience.*

*DEFINITIONS*

*SEC. 3. As used in this Act—*

*(1) The term "early childhood development program" means a program that is appropriate for the child's age and all areas of the individual child's development, including educational, physical, emotional, social, cognitive, and communication.*

*(2) The term "full calendar year" means all days of operation of businesses in the locality, excluding—*

*(A) legal public holidays, as defined in section 6103 of title 5, United States Code; and*

*(B) a single period of 14 consecutive days during the summer.*

*(3) The term "full day" means the hours of operation of businesses in the locality.*

*(4) The term "handicapped child" means a mentally retarded, hard of hearing, deaf, speech or language impaired, visually handicapped, seriously emotionally disturbed, orthopedically impaired, or other health impaired child or a child with specific learning disabilities who by reason thereof requires special education and related services.*

*(5) The term "locality" means a city, county, township, or the appropriate agency of any other general purpose unit of local government, or an Indian reservation. For purposes of this Act, a consortium of more than one locality acting together may be considered a locality.*

*(6) The term "poverty line" has the same meaning given that term in section 673(2) of the Community Services Block Grant Act.*

*(7) The term "prekindergarten" means 2 years before a child is eligible under State law to enter first grade.*

*(8) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, the Com-*

*monwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, and Palau.*

*(9) The term "parent" includes a legal guardian or other person standing in loco parentis.*

*(10) The term "service provider" means any public or nonsectarian nonprofit deliverer of early childhood development services, including a local educational agency, Head Start center, and community-based organization receiving funds under this Act.*

*(11) The term "Secretary" unless otherwise specified, means the Secretaries of Education and Health and Human Services, acting jointly, except that "Secretary" means the Secretary of Education for purposes of sections 4, 6, 7, 8, 17, 20, and 21 of this Act.*

*(12) The term "training" means that instruction in early childhood development that is required for certification by existing State and local laws, regulations, and policies, or, in a State with no certification procedures, a nationally recognized credential such as the Child Development Associate credential, or postsecondary education with significant coursework in early childhood education or early childhood development.*

*(13) The term "child development specialists" shall include but not be limited to school counselors, school social workers, school psychologists, speech-language pathologists, and other qualified professional personnel involved in providing developmental assessment, counseling, therapeutic, and other necessary services as part of a comprehensive child development services program.*

*(14) The term "mental health professional" means a licensed psychiatrist, psychologist, school psychologist, social worker, psychiatric nurse, or mental health counselor.*

*(15) The term "social services professional" means an individual who has a masters degree in social work from a Council on Social Work Education accredited program, or an individual who has received a bachelors degree in social work from a Council on Social Work Education accredited program and has 2 years experience in direct services to individuals.*

PROGRAM AUTHORIZED

*SEC. 4. (a) GENERAL AUTHORITY.—The Secretary shall, in accordance with this Act, make an allotment to States and localities having applications submitted under sections 11 and 13 of this Act to assist States and localities to expand or establish full day, full calendar year early childhood development services for prekindergarten children. Such allotments may be for up to 3 years, subject to annual review, and are renewable.*

*(b) AUTHORIZATION OF APPROPRIATIONS.—(1) The amount authorized to be appropriated for the purposes of carrying out the provisions of this Act for each of the fiscal years 1990, 1991, 1992, and 1993 is an amount equal to the lesser of—*

*(A) the excess, if any, of—*

*(I) the amount appropriated to carry out chapter 1, of title I, of the Elementary and Secondary Education Act of 1965 for such fiscal year, over*

*(II) $5,092,000,000, or*

*(B) the excess, if any, of—*

*(I) the amount appropriated to carry out the Head Start Act for such fiscal year, over*

*(II) $1,536,000,000.*

*(2) No amount may be appropriated pursuant to paragraph (1) until the amount appropriated in any one of the fiscal years set forth in paragraph (1) to carry out section 619 of the Education of the Handicapped Act exceeds $306,000,000.*

*(3) The amount authorized to be appropriated under paragraph (1) shall not exceed $500,000,000 for fiscal year 1990; $750,000,000 for fiscal year 1991; $1,000,000,000 for fiscal year 1992; and $1,000,000,000 for fiscal year 1993.*

*ELIGIBILITY FOR FEDERAL ASSISTANCE*

*SEC. 5. (a) STATE ELIGIBILITY.—A State shall be eligible to receive its allotment under section 6 of this Act if the State—*

*(1) provides assurances to the Secretary that the State has established or designated a State Advisory Task Force in accordance with section 9 of this Act; and*

*(2) submits an application and a State plan to the Secretary as described under section 11 of this Act.*

*(b) LOCALITY ELIGIBILITY.—If a State does not participate in the program under this Act, a locality in that State is eligible for a grant as provided in section 7 of this Act, if the locality—*

*(1) provides assurances to the Secretary that the locality has established or designated a Local Policy Group, as provided in section 12 of this Act; and*

*(2) makes an application as provided in section 13 of this Act.*

*ALLOTMENTS TO STATES*

*SEC. 6. (a) RESERVATIONS.—The Secretary shall reserve 1 per centum of the amount appropriated under section 4(b) in each fiscal year for payments to Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, and Palau, to be allotted in accordance with their respective needs.*

*(b) STATE ALLOTMENT. —(1) From the remainder of the sums appropriated under section 4(b) for each fiscal year, the Secretary shall allot to each State an amount determined in accordance with this subsection.*

*(2) The Secretary shall allot an amount which bears the same ratio to 25 percent of such remainder as the product of—*

*(A) the number of children in the State under age 5 in families with income below the poverty line; and*

*(B) the tax capacity index of the State*

*bears to the sum of the corresponding products for all States.*

*(3) The Secretary shall allot an amount which bears the same ratio to 25 percent of such remainder as the product of—*

*(A) the number of children in the State under age 5 in families with income below the poverty line; and*

*(B) the tax effort index of the State*

*bears to the sum of the corresponding products for all States.*

*(4) The Secretary shall allot an amount which bears the same ratio to 25 percent of such remainder as the product of—*

*(A) the number of children in the State under age 5; and*

*(B) the tax capacity index of the State*

*bears to the sum of the corresponding products for all States.*

*(5) The Secretary shall allot an amount which bears the same ratio to 25 percent of such remainder as the product of—*

*(A) the number of children in the State under age 5; and*

*(B) the tax effort index of the State*

*bears to the sum of the corresponding products for all States.*

*(6) For purposes of this subsection, the number of children shall be determined by the Bureau of the Census in compiling the most recent decennial census.*

*(7) For the purpose of this subsection, the term "State" does not include Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, and Palau.*

*(c) HOLD HARMLESS.—No State shall receive an allotment under this section for any fiscal year which is less than 80 percent of the allotment such State received in the first fiscal year preceding such fiscal year as a result of changes in the tax capacity index or the tax effort index for such State.*

*(d) STATE MINIMUM.—No State shall receive an allotment under this section for any fiscal year which is less than one quarter of 1 percent of the amount appropriated under section 4(b) to carry out the provisions of this Act.*

*(e) TAX CAPACITY INDEX.—The tax capacity index is equal to 100 divided by the most recent standard tax capacity figure for the State, based on the Representative Tax System, developed annually by the Advisory Commission on Intergovernmental Relations.*

*(f) TAX EFFORT INDEX.—The tax effort index is equal to the most recent measure of tax effort for the State that is based on the standard tax effort measures, as developed annually by the Advisory Commission on Intergovernmental Relations, divided by 100.*

*(g) REALLOTMENT.—(1) After satisfying the needs of localities under section 7(a), the amount of any State's allotment under this section for any fiscal year to carry out this Act which the Secretary determines will not be required for such fiscal year to carry out this Act shall be available for reallotment from time to time, on such dates during such fiscal year as the Secretary may fix, to other States in proportion to the original allotments to those States under this section for such fiscal year but with such proportionate amount for any of those other States being reduced to the extent it exceeds the sum the Secretary estimates that State needs and will be able to use for such fiscal year; and the total of those reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any amounts reallotted to a State under this subsection during a year shall be deemed a part of its allotment under this section for that year.*

*(2) For the purpose of paragraph (1) the original allotment under this section for a State to which subsection (d) applies shall be equal to the excess, if any, of the amount determined under subsection (d) minus the amount determined under subsection (b) with respect to such State.*

*(h) SPECIAL RULE.—(1) In any fiscal year in which the amount appropriated is less than $50,000,000, the provisions of subsections (a), (b), (c), and (d) shall not apply and the Secretary shall make discretionary grants to States and localities on the basis of—*

*(A) the quality of the State or local plan required by sections 11 and 13, including the quality of coordination;*

*(B) the needs of States and localities;*

*(C) the geographic distribution of grants awarded under this subsection;*

*(D) the diversity of grants to rural and urban localities; and*

*(E) the quality of the proposed program to become a model of excellence for replication.*

*(2) The Secretary shall make grants of sufficient size so that the programs established with such grants may serve as model programs.*

*(3) For the purposes of this Act other than the purposes of this subsection, grants made to States and localities under this subsection shall be treated as allotments made under subsection (b) in applying the provisions of this Act.*

*(4) The Secretary shall make no more than—*

*(A) 2 grants to a State, and*

*(B) 8 grants to localities,*

*pursuant to the provisions of this subsection for each $10,000,000 appropriated.*

*LOCALITY AND WITHIN STATE ALLOCATION*

*SEC. 7. (a) FEDERAL ALLOCATION TO LOCALITIES.—From amounts that would be allotted to a State under section 6 but will not be so allotted because the State elects not to participate in programs assisted under this Act, the Secretary shall allocate amounts to localities in accordance with this section. The grant which a locality is eligible to receive under section 5(b) is equal to the amount to which the locality is entitled under subsection (c) of this section.*

*(b) WITHIN STATE RESERVATION AND ALLOCATION.—(1) The Governor shall, from the allotment of the State under section 6, reserve 25 percent in each fiscal year for the activities described in paragraph (2).*

*(2) From the amount reserved in each fiscal year pursuant to paragraph (1)—*

*(A) not to exceed 5 percent may be used for administrative costs, of which at least 20 percent shall be allotted to the State Advisory Task Force;*

*(B) at least 5 percent shall be used for grants to localities in nonmetropolitan areas, and to localities for the purpose of serving migrant and Native American children or if no such localities apply for funds, funds under this subparagraph may be used for purposes stated in subparagraph (C) of this paragraph;*

*(C) at least 10 percent shall be used for discretionary grants to localities for purposes set forth in this Act; and*

*(D) at least 5 percent shall be used to develop and implement statewide training programs, and to provide technical assistance to localities for training.*

*(3) The Governor shall, from the allotment of the State in each fiscal year, allocate the remaining 75 percent to localities that have applications approved under section 9 of this Act, on the basis of the criteria listed in subsection (c) of this section.*

*(c) ALLOCATION RULES.—(1) From amounts available under section 7(b)(3), the Governor shall allocate—*

*(A) Sixty-seven percent of funds to localities on the basis of the number of children in the locality under age 5 in families below the poverty line, divided by the number of all children under age 5 in families below the poverty line, in the State.*

*(B) Sixteen and one-half percent of funds to localities on the basis of the number of children under age 5 in the locality, divided by the number of all children under age 5 in the State.*

*(C) Sixteen and one-half percent of funds to localities on the basis of the quality of the locality's application and plan, as judged by the State Advisory Task Force, in the areas of—*

*(i) the success of collaboration and coordination among local policy group members and service providers;*

*(ii) the quality of the needs and resources assessment required in section 12(c)(2) of this Act; and*

*(iii) the plan of the locality for ongoing coordination of services over and above those services necessary to meet minimum standards required for submission of an application pursuant to this Act.*

*The amount of a locality's allocation under this subparagraph shall vary with the degree of success on the various criteria described, except that, no locality shall receive more under this subparagraph than 150 percent of what it would receive if these funds were distributed on the basis of subparagraphs (A) and (B) of this paragraph.*

*(2) For purposes of this subsection, the number of children shall be determined by the Bureau of the Census in compiling the most recent decennial census.*

*(3)(A) Funds which remain available after allocation to localities under paragraph (1)(C) shall be reallocated to localities which receive funds under such subparagraph, subject to the maximum therein.*

*(B) Funds which remain after reallocation under subparagraph (A) of this paragraph shall be reallocated to localities under subparagraphs (A) and (B) of paragraph (1) of this subsection.*

*(5) Where localities submitting applications claim overlapping boundaries, the State, or in the case of localities in nonparticipating States, the Secretary, shall determine which locality will have jurisdiction over the overlapping area.*

*(6) Each locality receiving funds under this subsection may allocate up to 5 percent of such funds for administrative costs, provided that the local policy group receives at least 60 percent of such allocation.*

*(7) A locality shall be ineligible to receive an allocation under paragraphs (1) and (3) in a fiscal year if the aggregate amount of Federal and State funds that would be received by such locality under this Act is less than $25,000.*

*(d) SPECIAL RULE.—(1) In each State receiving an allotment pursuant to the provisions of section 6(d), the Governor shall reserve 10 percent of such allotment in each fiscal year for the activities described in paragraph (2).*

*(2) From the amount reserved pursuant to paragraph (1) in each fiscal year—*

*(A) not more than 5 percent may be used for administrative costs, of which at least 20 percent shall be allotted to the State Advisory Task Force;*

*(B) at least 5 percent shall be used to develop and implement statewide training programs, and to provide technical assistance to localities for training.*

*(3) The Governor shall, from the allotment of the State pursuant to section 6(d) in each fiscal year, allocate the remaining 90 percent to localities that have applications approved under section 9 of this Act, on the basis of—*

*(A) the number of children in the locality under age 5 in families below the poverty line, including those who are from migrant and Native American families;*

*(B) the number of children in the locality under age 5 in families below the poverty line, divided by the number of all children under age 5 in the locality; and*

*(C) the quality of the proposed program.*

*(4) In carrying out the provisions of paragraph (3), the Governor of each State receiving an allotment pursuant to the provisions of section 6(d) shall consider—*

*(A) the success of collaboration and coordination among local policy group members and service providers;*

*(B) the quality of the needs and resources assessment required in section 12(c)(2); and*

*(C) the plan of the locality for ongoing coordination of services over and above services necessary to meet minimum standards required for submission of an application under this Act.*

*PLANNING GRANTS*

*SEC. 8. (a) IN GENERAL.—Any locality may apply for a 6-month planning grant to the State or, if the State does not participate in the program authorized by this Act, to the Secretary. Funds received by localities for planning grants shall be deducted from the funds the locality would otherwise be eligible for in the first year of the program.*

*(b) APPLICATION REQUIRED.—Each application for a planning grant shall—*

*(1) identify the members of the local policy group established under section 12;*

*(2) describe the needs and resources assessment to be conducted, as provided in section 12(c) of this Act; and*

*(3) describe the proposed planning activities of the local policy group.*

*STATE ADVISORY TASK FORCE*

*SEC. 9. (a) ESTABLISHMENT.—Any State which desires to receive financial assistance under this Act shall establish a State Advisory Task Force.*

*(b) COMPOSITION.—(1) The Task Force shall be composed of a group of representatives of agencies, institutions, and other entities interested in or currently participating in the provision of early childhood development programs and child care in the State.*

*(2) The Governor shall select representatives from among—*

*(A) the office of the Governor;*

*(B) the State education agency;*

*(C) the State social services agency (or State child development or child advocacy agency);*

*(D) the State Head Start association; and*

*(E) organizations representing parents within the State.*

*The State Advisory Task Force shall include at least one representative from each category of agencies or other entities listed in subparagraphs (A) through (E) of the preceding sentence, except in the case of a category in which no agency or entity elects to participate, or in which no such agency or entity exists within the State.*

*(3) In addition to those agencies and entities listed in paragraph (2), the Governor may select additional representatives of the Task Force from among—*

*(A) resource and referral agencies within the State; and*

*(B) the State Board of Education;*

*(C) the State health agency;*

*(D) the State labor or employment agency;*

*(E) the State housing agency;*

*(F) organizations representing local governments;*

*(G) organizations representing service providers;*

*(H) local educational agencies and school boards;*

*(I) each house of the State legislature;*

*(J) organizations representing teachers;*

*(K) organizations representing business; and*

*(L) organizations representing labor.*

*(4) To the extent practicable, the Task Force shall be balanced according to the race, ethnicity, and gender of its members.*

*(c) FUNCTIONS OF THE TASK FORCE.—The State Advisory Task Force shall—*

*(1) recommend to the Governor a Lead State Agency to administer programs to be assisted under this Act in the State based on that agency's experience in the administration of early childhood development programs, and recommend the assignment of financial responsibility to the appropriate State agencies;*

*(2) advise and assist the Lead State Agency designated by the Governor in the performance of its responsibilities set out in section 10 of this Act by conducting a needs and resources assessment—*

*(A) to determine where early childhood development programs are lacking or are inadequate within the State, with particular attention to poor urban and rural areas, and what special services are needed within the State, such as*

*services for children whose native language is other than English;*

*(B) to identify all existing State-funded, and, to the extent practical, other programs serving prekindergarten children (other than profitmaking or sectarian) in the State, and to specify which programs might be expanded or upgraded with the use of funds provided by section 15 of this Act to meet criteria required in section 16 of this Act; and*

*(C) where appropriate, to identify other sources of fiscal and other support services for early childhood development programs;*

*(3) develop and submit the State application and the State plan required in section 11 of this Act;*

*(4) identify and review State policies, regulations, and laws that may restrict the use of facilities for the delivery of early childhood development services in school buildings or community agencies;*

*(5) evaluate and approve applications submitted by localities, as provided under sections 7 and 13 of this Act;*

*(6) prepare and submit an annual report to the Governor and the Secretary on the status of early childhood development programs operating within the State in accordance with subsection (d);*

*(7) conduct evaluations of programs as required in section 18; and*

*(8) arrange joint planning for provision of services under this Act with the provision of services required or authorized under other Federal laws.*

*(d) ANNUAL REPORT CONTENTS.—The report required by subsection (c)(6) shall include such information as the Secretary may reasonably require.*

*(e) CONFLICT OF INTEREST.—No member of the State Advisory Task Force shall cast a vote on any matter which would provide direct personal financial benefit to that member or otherwise give an appearance of a conflict of interest under State law.*

*(f) USE OF EXISTING TASK FORCES.—To the extent that a State has established a task force before the date of enactment of this Act which is comparable to the task force described in this section, the State shall be considered to be in compliance with subsections (a) and (b) of this section.*

### *LEAD STATE AGENCY*

*SEC. 10. (a) DESIGNATION.—(1) The Governor shall designate a Lead State Agency to administer the early childhood development programs assisted under this Act in the State. The Lead State Agency shall be selected from—*

*(A) the State educational agency;*

*(B) the State department of social services; or*

*(C) the State agency for child development or child advocacy.*

*The criteria used to select the Lead State Agency shall include experience of the agency in carrying out early childhood development programs in the State. In order to be designated a Lead State*

*Agency, such agency must have the authority under its charter or applicable law to receive and administer Federal funds for use in support of early childhood development programs, and to transfer funds so received, and to act as a grantee, contractor, or sponsor of programs authorized under this Act.*

*(2) The Governor shall assign financial responsibility for services provided to the appropriate State agencies.*

*(b) FUNCTIONS.—The Lead State Agency shall, with the assistance of the State Advisory Task Force, be responsible for carrying out—*

*(1) the general administration, supervision, and monitoring of programs and activities receiving assistance under section 7 of this Act to ensure compliance with this Act;*

*(2) contracting with other State and local service providers as necessary;*

*(3) the resolution of intra- and interagency disputes; and*

*(4) the provision of, directly, or by way of grant or contract or other arrangements, technical assistance to localities in developing, conducting, and administering programs under this Act.*

*STATE APPLICATION AND STATE PLAN*

*SEC. 11. (a) STATE APPLICATION.—Any State desiring to receive a grant under this Act for any fiscal year shall submit an application, developed by the State Advisory Task Force, as required in section 9 of this Act, to the Secretary, at such time and in such manner as the Secretary may reasonably require. Each such application shall contain—*

*(1) a description and list of members of the State Advisory Task Force established or designated by the Governor as required in section 9 of this Act;*

*(2) the designation of a Lead State Agency that will be responsible for the administration of funds provided under section 6 of this Act, as required by section 10 of this Act;*

*(3) a State plan as required by subsections (b) and (c) of this section; and*

*(4) such other information and assurances as the Secretary may reasonably require.*

*(b) STATE PLAN.—Any State desiring to receive a grant under this Act shall file with the Secretary a State Plan, developed by the State Advisory Task Force. The Plan shall be submitted to the Secretary at such time and in such manner as the Secretary may reasonably require.*

*(c) CONTENTS OF PLAN.—Such plan shall—*

*(1) describe the results of the needs and resources assessment, carried out by the State Advisory Task Force, as provided in section 9 of this Act;*

*(2) describe how the State will upgrade where necessary, expand, and coordinate with existing Head Start programs;*

*(3) describe how the State will employ multiple service providers;*

*(4) describe how the State will ensure compliance with minimum standards required in section 16;*

*(5) describe how the State will ensure compliance with the uses of funds set forth in section 15(c) and (d) of this Act;*

*(6) describe how the State will meet the requirement of the non-Federal share required in section 20 of this Act;*

*(7) describe the certification procedures and training required by the State;*

*(8) assure that funds paid to the State under this Act will be expended in accordance with this Act;*

*(9) provide for (A) making such reports in such form and containing such information as the Secretary may require to carry out the Secretary's functions under this Act, and (B) keeping such records and affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports and proper disbursement of Federal funds under this Act;*

*(10) provide satisfactory assurance that Federal funds made available under this Act, and the non-Federal funds which are required to be paid as part of the non-Federal share under section 20 of this Act shall be used to supplement and increase the level of State and local funds expended for services, as provided in section 20 of this Act;*

*(11) provide satisfactory assurance, in accordance with section 21 of this Act, that such fiscal control and fund accounting procedures will be adopted as may be necessary to assure proper disbursement of, and accounting for, Federal funds made available under this Act and non-Federal funds which are required to be paid as part of the non-Federal share under section 20 of this Act; and*

*(12) such other information and assurances as the Secretary may reasonably require.*

*LOCAL POLICY GROUP*

*SEC. 12. (a) ESTABLISHMENT.—Any locality desiring to receive a grant under this Act shall form a Local Policy Group.*

*(b) COMPOSITION.—(1) The Local Policy Group shall be composed of a group of representatives of Government agencies, service providers, institutions, and organizations interested in or currently participating in the provision of early childhood development services in the geographic area covered by the locality. The local policy group shall contain no more than 8 members, except as provided in paragraph (2)(C) of this subsection.*

*(2)(A) The chief elected official of the locality shall select the membership of the Local Policy Group. The Local Policy Group shall be selected from among—*

*(i) the local Head Start agency;*

*(ii) the local board of education;*

*(iii) the local superintendent of schools;*

*(iv) the local social services agency (or, if applicable, local child development or child advocacy agency); and*

*(v) early childhood teachers.*

*The Local Policy Group shall include one representative from each agency or entity listed in clauses (i) through (v) of the preceding sentence, except where the agency or entity elects not to participate, or does not exist within the locality.*

*(B) In addition to the entities listed in subparagraph (A) of this paragraph, three parents of prekindergarten or elementary school-aged children shall be included in the membership of the local policy group. Two of such parents shall be parents whose child is receiving or has received Head Start services.*

*(C) Where a locality includes a consortium of more than one locality, as provided in section 3(4), the chief elected officials may select two representatives from each agency or entity listed in clauses (i) through (v) of subparagraph (A), and six parents as described in subparagraph (B) of this section.*

*(3) To the extent practicable, the Local Policy Group shall be balanced according to the race, ethnicity, and gender of its members.*

*(4) The Local Policy Group may consult with members of the community with expertise or an interest in child development programs, including—*

*(A) local resource and referral agencies,*

*(B) organizations representing labor,*

*(C) employers,*

*(D) local public health and nutrition agencies,*

*(E) child development experts, and*

*(F) organizations representing child care providers*

*to assist in the development and implementation of early childhood development programs.*

*(c) FUNCTIONS.—The Local Policy Group shall—*

*(1) develop a collaborative voluntary application to the State from the participating agencies;*

*(2) develop a needs and resources assessment, every 3 years, for the geographic area included within the locality, stating—*

*(A) where services are most needed based on numbers of prekindergarten children with particular attention to such children from families who have low income;*

*(B) the existence of early childhood development programs and the degree to which they meet the demand for such services in the locality;*

*(C) the existence of programs serving prekindergarten children which can be expanded or upgraded to meet the requirements of this Act;*

*(D) the need for bilingual programs and services for children whose native language is not English, and programs and services for handicapped, migrant, Indian, and homeless children; and*

*(E) a description of early childhood development training programs in the locality funded by this Act, and the need for additional training programs in the locality;*

*(3) demonstrate how the locality will work to employ multiple service providers;*

*(4) identify and review local laws, regulations, or policies that may restrict the use of facilities for the delivery of early childhood development programs in school buildings or community agencies;*

*(5) identify salary scales for staff of existing providers of early childhood development services and child care services;*

*(6) identify job training, literacy, and adult education programs that can be coordinated with family support services offered by child development programs; and*

*(7) prepare and submit an annual report as required in subsection (e) of this section to the State Advisory Task Force on the status of early childhood development programs within the locality; and*

*(8) arrange for evaluations required in section 18.*

*(d) LIMITATION ON FUNCTIONS OF LOCAL POLICY GROUP.—The Local Policy Group shall not supercede the internal operations or administrative practices of agencies or entities operating existing early childhood development programs, beyond evaluations required by section 18, except to institute minimum standards required by section 16 or to enforce the uses of funds set forth in sections 14 and 15.*

*(e) CONTENTS OF REPORT.—Each report required by subsection (c)(7) shall include—*

*(1) the number and socioeconomic background of children being served with funds provided under this Act, listed by age if available;*

*(2) the number of children whose parents have requested services but who are not being served;*

*(3) a description of the uses for which funds were expended in accordance with section 15 of this Act;*

*(4) a description of programs expanded, upgraded, or created under this Act;*

*(5) a description of salary scales used in programs receiving funds under this Act;*

*(6) a description of how programs receiving funds under this Act are coordinated with other existing programs of early childhood development for prekindergarten children in the locality; and*

*(7) assurances that the programs funded under this Act meet the requirements of sections 14, 15, and 16 of this Act.*

*(f) CONFLICT OF INTEREST.—A member of the Local Policy Group shall not cast a vote on any matter which would provide direct personal financial benefit to that member or otherwise give an appearance of a conflict of interest under State or local law.*

*(g) USE OF EXISTING LOCAL POLICY GROUP.—To the extent that a locality has established a broadly representative Local Policy Group before enactment of this legislation that is comparable to the Local Policy Group described in this section, such locality shall be considered to be in compliance with subsections (a) and (b) of this section.*

### *LOCAL PLAN AND APPLICATION*

*SEC. 13. (a) APPLICATION REQUIRED.—Any locality desiring to receive a grant from the State to carry out services assisted under this Act shall—*

*(1) form or designate a Local Policy Group, in accordance with section 12 of this Act; and*

*(2) submit to the State an application prepared by the Local Policy Group.*

*Such application may be for up to 3 years, subject to annual review, and is renewable.*

*(b) CONTENTS OF APPLICATION.—Each application prepared pursuant to subsection (a) shall contain—*

*(1) a service delivery plan from all participating service providers, that includes—*

*(A) a description of what geographic area is covered by such application, including a listing of any city, county, township, other general purpose unit of government, or Indian reservation located therein;*

*(B) the name and location of all planned sites and a description of services which will be provided at each site under such plan;*

*(C) a description of how the locality will employ multiple service providers, such as Head Start and Local Educational Agencies, except as provided in section 16(b)(1);*

*(D) a plan for ongoing coordination of early childhood development services at each site between (i) Head Start providers and local educational agencies, whether or not such providers or agencies are receiving funds under this Act, and (ii) between entities in clause (i) and any other recipients of funds under this Act;*

*(E) a description of how priority for the use of funds made available under this Act is being given to the expansion and upgrading of existing programs, as required by section 15(c) of this Act;*

*(F) the number of children receiving services free of charge, the number of children receiving services for payment of fees, the level of such fees paid at each site, and the distribution of such children among service providers;*

*(G) the results of the local needs and resources assessment conducted by the Local Policy Group, as provided in section 12(c)(2) of this Act, a description of what needs for services have been identified by such assessment, and a description of how the plan for coordination of services address the indicated needs;*

*(H) a description of certification and other qualifications of staff, a plan for training of professional staff and employees, the turnover or mobility rate of professional staff and employees, if available, and a description of salary schedules, and how such schedules reflect level of training, expertise, and experience of employees;*

*(I) a description of how the locality will provide the non-Federal share required under section 20 of this Act if any portion thereof is not paid by the State;*

*(J) a description of how the locality will ensure compliance with the uses of funds set forth in section 15 of this Act;*

*(K) assurances that Federal minimum standards in section 16 of this Act will be adhered to;*

*(L) a plan for evaluations required in section 18; and*

*(M) such additional assurances or information as the Secretary may reasonably require; and*

*(2) evidence demonstrating effective use of existing Federal and State funds received by the locality for services for prekindergarten children.*

*(c) LOCAL ADMINISTERING AGENCY.—(1) In each locality the chief elected official (or officials, in the case of consortium of more than one locality) shall select a local administering agency for the locality from the local education agencies, local social services agencies, and the local child development agencies within the locality.*

*(2) The selection of the local administering agency shall be based on the experience of such agency in administering early childhood development programs. To be eligible to be designated a local administering agency, such agency shall have the authority under its charter or applicable law to receive, redistribute, and monitor grants to provide early childhood development services under this Act.*

*(3) The local administering agency of each locality shall be designated as the coordinator of all programs assisted under this Act for the locality for the purpose of administration and fiscal control.*

*(4) Each local administering agency shall work with existing local resource and referral agencies.*

*(5) Each administering agency shall follow the plan developed by the Local Policy Group for the provision of services assisted by this Act.*

*(d) SUBMISSION OF LOCAL APPLICATION.—(1) Any locality desiring to receive financial assistance under this Act, that is located in a State receiving funds under this Act, shall submit an application to the State Advisory Task Force for the State in which such locality is located.*

*(2) Any locality desiring to receive financial assistance under this Act, that is located in a State that has chosen not to receive funds under this Act, shall—*

*(A) submit an application to the Secretary for a grant at such time and in such manner as the Secretary may reasonably require; and*

*(B) comply with the requirements under section 12 and subsections (a) and (b) of section 13 of this Act.*

*The service delivery plan required by section 13(b) shall also include the information required under sections 11(b) and 11(c) to the extent the information required therein pertains to the area to be served by the locality.*

### *ELIGIBLE CHILDREN AND FAMILIES*

*SEC. 14. (a) AGE REQUIREMENT.—Any child is eligible to participate in programs assisted under this Act in the school year 2 years prior to the school year in which the child would be eligible, under State law, to enter first grade. Any State or locality which has served all children of the eligible age group requesting services may use funds under this Act to serve children in the school year 3 years prior to the school year in which they would be eligible, under State law, to enter first grade. A State or locality may use funds under this Act to upgrade and expand existing programs serving children aged 3 years through 5 years, provided the supplementation of funding requirements of section 20 are met.*

*(b) FAMILY CONTRIBUTION.—(1) Eligible children in families with annual incomes under 115 percent of the poverty line are eligible to receive services provided under this Act without charge.*

*(2)(A) Eligible children in families with annual incomes at or above 115 percent of the poverty line are eligible to receive services provided by this Act with payment of fees on a sliding scale up to the full cost of such service except that, pursuant to part B of the Education of the Handicapped Act, services included in a handicapped child's individualized education program shall be furnished to such child without charge. The sliding scale shall be developed by the State, or locality if the State is not participating, based on income level, family size, and relative cost of living. Such sliding scale shall ensure that families that can afford to pay the full cost of services do pay such cost. The maximum fee per child shall not exceed the cost per child of the services provided. Total fees for all eligible children in a family receiving services under this Act shall not exceed 10 percent of a family's gross income.*

*(B) Nothing in subparagraph (A) shall be construed to prevent any State or locality from paying part or all of the cost of fees paid by families under subparagraph (A) with non-Federal funds.*

*USE OF FUNDS*

*SEC. 15. (a) IN GENERAL.—Localities may use funds furnished under this Act—*

*(1) to expand or upgrade, through grant or contract, existing public or nonsectarian nonprofit programs for prekindergarten children to operate them during the full day and full calendar year and in compliance with the requirements of section 16 of this Act, or*

*(2) to create, through grant or contract to public or nonsectarian nonprofit entities, full day, full calendar year early childhood development programs that comply with the provisions of this Act.*

*(b) AUTHORIZED ACTIVITIES.—Grants under this Act may be used for—*

*(1) development of and training in the use of developmentally appropriate early childhood curricula, including curricula that take into account the communication skills of children, including those whose native language is not English, and which are culturally sensitive and avoid race-based and gender-based stereotyping;*

*(2) provide directly, or by grant or contract, services to enable an early childhood development program to operate during the full day, and full calendar year;*

*(3) health screening and diagnosis of children;*

*(4) provision of health, mental health, and social services to children described in section 14(b)(1);*

*(5) nutrition services and nutrition education;*

*(6) parent outreach and involvement, including family home visits;*

*(7) family support and parenting education;*

*(8) referral and assistance in procuring education, nutrition, health, mental health, and other social services for families of children receiving early childhood development services;*

*(9) prenatal health and education services for parents of children receiving early childhood development services;*

*(10) distribution of information about available services, establishing connections to resource and referral agencies, and locality outreach;*

*(11) staff and personnel training in early childhood development including training conducted in conjunction with other service providers with particular attention to avoidance of race-based and gender-based stereotyping;*

*(12) upgrading the salaries of early childhood development professional staff, and the development of salary schedules for staff with varying levels of experience, expertise, and training;*

*(13) activities designed to ensure that groups of children participating in early childhood development programs are mixed according to gender, race, ethnicity, handicapping condition, and socioeconomic status;*

*(14) acquisition or development of materials and equipment;*

*(15) rental of space for provision of services, and minor building renovation or remodeling of schools, community-based agencies or business facilities to accommodate programs for young children;*

*(16) transportation of children;*

*(17) recruiting or subsidizing senior citizens to work with children; and*

*(18) evaluation of services.*

*(c) PRIORITY.—Where early childhood development programs serving eligible children exist within localities receiving funds under this Act, priority for the use of such funds shall be given to expanding such programs to serve more children and upgrading such programs to meet minimum standards required in section 16 of this Act. Funds may be used to establish new programs only if the needs of the locality may not be met by expanding or upgrading existing programs.*

*(d) LIMITATION.—(1) At least 50 percent of spaces created by funds available under this Act shall be filled by children whose families earn annually less than 115 percent of the poverty level.*

*(2) At least 67 percent of the funds made available under this Act shall be used by service providers to serve children from families who earn annually less than 115 percent of the poverty level, or shall be allocated to programs which serve primarily children from families who earn annually less than 115 percent of the poverty level.*

### *MINIMUM STANDARDS*

*SEC. 16. (a) SERVICE PROVIDERS.—A service provider serving children with funds under this Act shall meet the following minimum standards or use funds to bring programs in compliance with the following minimum standards:*

*(1) The child to adult ratio shall not exceed 10 to 1 at any time. For the purpose of calculating child to adult ratio, the*

*term "adult" includes only individuals in direct contact with, and with primary responsibility for, supervising children.*

*(2) The maximum group size shall be 20 children.*

*(3) Services shall be available for the full day and full calendar year, although families shall be given the option of enrolling their children part time.*

*(4)(A) At least one staff member supervising each group of children shall have training and experience in early childhood education or child development. The staff member shall be certified in early childhood education or child development, if the State has a certification procedure in these areas, or, if the State does not have a certification procedure, the staff member shall have a nationally recognized child development credential or postsecondary education with significant courseework in early childhood development.*

*(B) Additional staff members who do not have the qualifications described in subparagraph (A) shall receive a minimum of 40 hours of preservice training.*

*(C) All staff members shall receive 24 hours a year of inservice training during the duration of their employment; and where practical, an on-site curriculum specialist with training and experience in early childhood development shall be responsible for training all staff to apply the curricula selected by the program.*

*(5) Service deliverers shall use developmentally appropriate curricula that are appropriate for the child's age and all areas of the individual child's development including educational, cognitive, physical, emotional, social and communication skills of children, including skills of children whose native language is other than English. Standardized tests shall not be used to determine assignment to a group or admission to a program.*

*(6) Service providers shall provide adequate and nutritious meals and snacks, including breakfast at parent request.*

*(7) Service providers shall provide health screening, mental health screening, and screening for handicapping conditions and shall ensure that appropriate follow-up services are provided. Service providers shall make referral to health services, mental health services, and social services for which the enrolled child and such child's family are eligible at the Federal, State, and local levels, and shall ensure that such services are provided to families that request such services. Service providers shall, as necessary, arrange for the provision of services of mental health professionals, health professionals, and social services professionals to coordinate health services, mental health services, and social services.*

*(8) Service providers shall provide parenting education and family support services.*

*(9) Service providers shall coordinate with the local public school system to facilitate sharing of resources and expertise where practical, including diagnostic and remedial services and staff training, and to provide for the enrolled child's transition to elementary school. Local educational agencies shall make arrangements for a representative of such agency to facilitate such coordination.*

*(10) Service providers shall coordinate early childhood development programs funded under this Act with programs serving infants and toddlers, in order to provide continuity of care.*

*(11) Service providers shall ensure active parental involvement, which—*

*(A) involves parental outreach;*

*(B) ensures parents unlimited access to observe the program in which their children are enrolled;*

*(C) involves parents in the program curricula;*

*(D) provides access to all evaluations of the program to parents;*

*(E) arranges regular opportunities for parents to meet with professional staff including individuals such as child development specialists;*

*(F) permits parents (other than full-time staff) the opportunity to volunteer their services within the classroom setting; and*

*(G) ensures parents a role in policymaking.*

*Participation by parents within the classroom shall not be considered for the purpose of satisfying any of the requirements imposed by this section regarding staff.*

*(12) Service providers shall ensure the physical safety of children served and comply with—*

*(A) any applicable State and local law or policy for licensing, health, environmental, sanitation, building, and fire safety; and*

*(B) Federal and State child care standards applicable to programs for children of the age group served.*

*(b) LOCALITIES.—A locality serving children with funds under this Act shall meet the following minimum standards or use funds to bring programs in compliance with the following minimum standards:*

*(1) A locality shall employ multiple service providers to ensure that one agency or organization does not become the sole provider of early childhood development services funded under this Act, unless such locality certifies to the State (or in the case of a locality applying directly to the Secretary, certifies to the Secretary), as part of the application required by section 13, that there exists only one service provider in the locality. Furthermore, localities shall give high priority to the expansion and upgrading of existing programs with funds provided under this Act.*

*(2) A locality shall ensure that no child receiving services in programs assisted by this Act shall be denied continued services as a result of changes in family income.*

*(c) HEAD START AGENCY.—Each Head Start agency receiving funds under this Act shall be deemed in compliance with minimum standards set forth in paragraphs (5), (6), (7), and (11), of subsection (a) of this section, if it is in compliance with the Head Start Performance Objectives.*

*FEDERAL ADMINISTRATIVE PROVISIONS*

*SEC. 17. (a) ROLE OF SECRETARY.—Consistent with the provisions of this Act, the Secretary of Education and the Secretary of Health and Human Services shall jointly develop and issue policy regulations for carrying out the provisions of this Act. Subject to the previous sentence, the Secretary has the responsibility to carry out the provisions of this Act. The Secretary shall use the expertise of early education experts at the Department of Education, particularly regarding developmentally appropriate curriculum, and early childhood experts in the Department of Health and Human Services, particularly regarding health and social services.*

*(b) WITHHOLDING OF PAYMENTS.—(1) Whenever the Secretary, after reasonable notice to the Lead State Agency (or, in the case of a grant provided under section 5(b) of this Act, to the locality) and an opportunity for a hearing, finds that there has been a failure to comply substantially with any assurances required to be given or conditions required to be met under this Act, the Secretary shall notify such agency (or locality) of the findings and that beginning 60 days after the date of such notification, further payments will not be made to the State (or locality) under this Act (or, in the Secretary's discretion, that the Lead State Agency shall reduce or terminate further payments under this Act to any locality or service provider) until the Secretary is satisfied that there is no longer any such failure to comply. Until the Secretary is so satisfied—*

*(A) payments to the State (or locality) under this Act shall be reduced or terminated, or*

*(B) payments by the Lead State Agency under this Act shall be limited to localities and service providers not affected by the failure.*

*A transcript or recording shall be made of any hearing conducted under this section and shall be available for inspection by any person.*

*(2) Upon submission to a State (or locality) of a notice under paragraph (1) of this subsection that the Secretary is withholding payments, the State (or locality) shall take such action as may be necessary to bring its actions into compliance with the provisions of this Act.*

*(c) JUDICIAL REVIEW.—(1) If any State (or locality) is dissatisfied with the Secretary's action under subsection (a) of this section, such State (or locality) may, within 60 days after notice of such action, file with the United States Court of Appeals for the circuit in which such State (or locality) is located a petition for review of that action. A copy of the petition shall be transmitted by the clerk of the court to the Secretary. The filing of such petition shall act to suspend any withholding of funds by the Secretary pending the judgment of the court and prior to a final action on any review of such judgment. The Secretary thereupon shall file in the court the record of the proceedings on which he or she based the action which is the subject of the appeal.*

*(2) A Lead State Agency (or locality) shall be presumed to have complied with this Act, but the findings of fact by the Secretary, if supported by the weight of the evidence, may overcome such presumption. The court may remand the case to the Secretary to take*

*further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his or her previous action, and shall file in the court the record of the further proceedings.*

*(3) Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.*

*(d) CONTINUING ACTIVITIES PROTECTED.—No Head Start agency receiving funds under this Act which, prior to the date of enactment of this Act, was located in any facility owned or operated by a local educational agency shall—*

*(1) by reason of being selected to administer a program with funds under this Act, or*

*(2) by reason of the selection of the local educational agency to administer a program with funds under this Act,*

*be denied the continued use of such facilities in accordance with the arrangements with respect to such facilities so in effect.*

*(e) GENERAL EDUCATION PROVISIONS.—Sections 411 through 419 of the General Education Provisions Act shall apply to the provisions of this Act.*

*EVALUATION*

*SEC. 18. (a) LOCAL POLICY GROUP EVALUATION.—The Local Policy Group shall arrange for the periodic on-site evaluation of the local programs by reviewers including community members and early childhood development experts who are not directly involved in the administration of the program. The results of such evaluations shall be made available to the service providers, parents of eligible children, interested members of the locality, and the State Advisory Task Force.*

*(b) STATE EVALUATION.—The Lead State Agency shall arrange for periodic on-site monitoring and inspection of programs assisted under this Act for compliance with the minimum standards set forth in section 16. The State Advisory Task Force shall evaluate programs assisted under this Act for success in achieving stated goals of the program and for impact on related programs. Evaluations shall be conducted by reviewers who are not directly involved in the administration of the program. The results of the evaluations shall be made available to service providers, parents of eligible children, interested members of the locality, and the Secretary.*

*(c) ANNUAL REPORT.—(1) The Secretary shall ensure that programs are inspected and monitored for compliance with the minimum standards set forth in section 16 of this Act.*

*(2) The Secretary shall prepare and submit to appropriate Committees of the Congress an annual report. The report shall include a summary of the information contained in reports submitted by States.*

*(d) GENERAL EVALUATIONS.—(1) The Secretary shall provide, directly or by way of grant or contract, for the continuing evaluation of programs assisted under this Act, including evaluations that measure and evaluate the impact of programs authorized by this*

*Act, in order to determine their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not directly involved in the administration of the program being evaluated.*

*(2) The Secretary shall publish the results of evaluative research and summaries of evaluations of programs and projected impact and effectiveness not later than 90 days after the completion thereof. The Secretary shall submit to the appropriate Committees of the Congress a copy of all such research studies and evaluation summaries.*

*(3) The Secretary shall take the necessary action to ensure that all studies, evaluations, proposals, and data produced or developed with assistance under this section shall become the property of the United States.*

*NONDISCRIMINATION*

*SEC. 19. The Secretary shall not award financial assistance for any program, project, or activity under this Act unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, religion, color, national origin, sex, political affiliation, handicap or age.*

*PAYMENTS; NON-FEDERAL SHARE; SUPPLEMENTATION OF FUNDING*

*SEC. 20. (a) PAYMENTS.—(1) The Secretary shall pay to each State, or locality in the case of a nonparticipating State, having an application approved under section 11, or 13, as the case may be, the Federal share of the cost of the activities described in the application.*

*(2) The Federal share—*

*(A) for the first year in which the State receives funds under this Act shall be 70 percent;*

*(B) for the second such year shall be 60 percent; and*

*(C) for the third such year and each year thereafter shall be 50 percent.*

*(3) The Federal share—*

*(A) for the first year for which a locality, located in a nonparticipating State, receives assistance under this Act shall be 80 percent;*

*(B) for the second such year shall be 75 percent; and*

*(C) for the third such year and each succeeding year shall be 70 percent.*

*(b) NON-FEDERAL SHARE.—(1) The non-Federal share of payments under this Act may be in cash or in kind, fairly evaluated, including plant, equipment, or services, subject to the limitations in subparagraph (2).*

*(2) A State receiving funds under this Act shall pay at least 75 percent of the non-Federal share. Such payment shall be in cash from non-Federal sources. States shall not require localities to con-*

*tribute more than 25 percent of the non-Federal share or to contribute to the cash portion of the non-Federal share.*

*(c) SUPPLEMENTATION OF FUNDING—(1) All Federal funds and funds paid as a part of the non-Federal share under this Act shall be used to supplement the level of State and local public funds expended for services assisted under this Act in the previous fiscal year.*

*(2) The supplementation requirement of this subsection shall be satisfied with respect to a particular program if the aggregate expenditure in such program for the fiscal year in which services are to be provided will not be less than the aggregate expenditure in such program in the previous year, excluding Federal and non-Federal funds provided under this Act.*

*(d) WAIVER.—If the Secretary determines that a State, or in a nonparticipating State, a locality, would suffer substantial hardship as a result of paying the non-Federal share of payments because of the State's or locality's economic condition or substantial prior commitment of funds for early childhood development programs, the Secretary may waive such non-Federal share in part or in whole for such period of time as the Secretary deems necessary.*

*RECORDS AND AUDITS*

*SEC. 21. (a) RECORDS.—Each recipient of financial assistance under this Act shall keep records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of such financial assistance, the total cost of the program supplied by other sources, and such other records as will facilitate an effective audit.*

*(b) AUDITS.—The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients that are pertinent to the financial assistance received under this Act.*

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